

Exploring the state of the trust deficit in SMME-corporate relationships in the context of supplier  
development programmes

22000412

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Science, University of Pretoria, in partial fulfilment of the requirements  
for the degree of Master of Business Administration

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## **PLAGIARISM DECLARATION**

I declare that this research project is my work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has yet to be submitted for any degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to conduct this research.

A handwritten signature in black ink, appearing to read 'SJ Nel', written over a horizontal line.

Stephan Jurie Nel

8 December 2023

## **ABSTRACT**

Small, medium and microenterprises (SMMEs) are the backbone of many economies globally, as their roles are vital in driving economic growth and creating employment opportunities (Myres et al., 2022). In South Africa, the SMME sector significantly contributes to the country's gross domestic product (GDP) (Aparicio, Turro & Noguera, 2020); however, South African SMMEs face significant challenges that hinder their growth and sustainability. One of the ways in which SMMEs can overcome these challenges is through supplier development programmes (SDPs) offered by corporate entities.

SDPs have become increasingly popular in recent years and have been hailed as an effective way to promote economic growth and support SMMEs (Van der Veen, 2018). However, the effectiveness of these programmes seems to be hindered by a trust deficit between SMMEs and corporate entities.

Understanding the factors contributing to the trust deficit between these entities is essential to finding ways to regain corporate trust and reduce unemployment. However, literature on the influence of trust on SMMEs, with supplier development as mediator, is lacking. This research project aims to fill the gap in literature.

The research adopted an interpretivist, exploratory qualitative research approach, utilising semistructured interviews with nine cross-functional team members selected from three randomly chosen projects and two SMME companies from the Impala Platinum database. A narrative strategy was employed, focusing on project managers and leaders within the mining company and SMMEs, using a mono-method design for data collection. Thematic analysis was applied to extract meaningful patterns and themes from the qualitative data.

In essence, the study's practical relevance lies in providing actionable insights for corporations and SMMEs to navigate the complexities of SDPs effectively. By implementing the identified strategies, businesses will not only enhance trust but also foster an environment conducive to sustainable, mutually beneficial relationships in the corporate mining industry.

**Keywords:** mining industry, SMME, supplier development programmes (SDPs), trust, trust deficit

# TABLE OF CONTENTS

PLAGIARISM DECLARATION.....	ii
ABSTRACT.....	iii
LIST OF ABBREVIATIONS.....	vii
LIST OF TABLES.....	vii
CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM.....	1
1.1 Introduction.....	1
1.2 Background to the research problem.....	2
1.3 Statement of the problem.....	3
1.4 Objectives of the study.....	3
1.5 Significance of the study.....	3
1.6 Scope of the study.....	4
1.7 Organisation of the study.....	4
CHAPTER 2: LITERATURE REVIEW.....	6
2.1 Introduction.....	6
2.2 SMME-corporate relationships in the context of SDPs.....	6
2.3 Supplier development in South Africa.....	6
2.4 Supplier development in general.....	7
2.4.1 The current state of supplier development programmes.....	7
2.5 Conclusion.....	16
CHAPTER 3: RESEARCH QUESTIONS.....	18
CHAPTER 4: RESEARCH METHODOLOGY AND DESIGN.....	19
4.1 Introduction.....	19
4.2 Choice of research design.....	19
4.3 Population.....	20
4.4 Unit of analysis.....	21
4.5 Sampling methods.....	22
4.5.1 Purposive sampling.....	22
4.5.2 Convenience sampling.....	22
4.6 Sample size.....	22

4.7 Measurement instrument.....	22
4.8 Data collection process .....	25
4.9 Data analysis approach .....	25
4.10 Quality assurance.....	27
4.11 Research limitations .....	27
CHAPTER 5: FINDINGS/RESULTS.....	28
5.1 Introduction.....	28
5.2 Research question 1 (RQ 1) results.....	35
5.2.1 Trust building in SMMEs .....	35
5.2.2 Level of trust .....	36
5.2.3 Trust deficit .....	37
5.2.4 Impact of collaboration .....	38
5.2.5 Summary .....	38
5.3 Research question 2 (RQ 2) results.....	39
5.4 Research question 3 (RQ3) results.....	42
5.4.1 Mixed perceptions of trust levels .....	42
5.4.2 Low levels of trust .....	43
5.4.3 Moderate levels of trust.....	45
5.5 Challenges and opportunities .....	45
5.5.1 Challenges facing SMMEs in the supplier relationship process.....	46
5.5.2 Opportunities.....	48
5.5.3 Corporate-related challenges .....	49
CHAPTER 6: DISCUSSION OF RESULTS.....	51
6.1 Introduction.....	51
6.2 Research question 1 (RQ 1) discussion.....	51
6.2.1 Trust building in SMMEs .....	51
6.2.2.3 Support systems to facilitate trust building.....	53
6.2.2 Level of trust .....	54
6.2.3 Trust deficit .....	54
6.2.4 High levels of trust.....	60

6.2.5 Trust challenges and barriers .....	60
6.2.6 Addressing the trust deficit .....	62
6.3 Research question 3 (RQ 3) discussion.....	63
6.3.1 Impact of trust in SMMEs and corporates on the effectiveness of SDPs .....	63
6.4 Conclusion.....	64
CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS.....	65
7.1 Introduction.....	65
7.2 Conclusion of findings .....	66
7.3 Contribution of the study.....	67
7.4 Practical implications .....	67
7.5 Recommendations for future research.....	68
7.6 Limitations of the study .....	69
Reference list.....	70
Appendix I: Informed consent letter.....	76
Appendix II: Ethical clearance form.....	77
Appendix III: Organisation consent form .....	79
Appendix IV: Interview guide.....	82

## **LIST OF ABBREVIATIONS**

B-BBEE	Broad-based black economic empowerment
CSR	Corporate social responsibility
DMR	Department of Mineral Resources
GDP	Gross domestic product
RFI	Request for information
RFT	Request for tender
SDP	Supplier development programme
SCC	Supply chain collaboration
SCM	Supply chain management
SMME	Small, medium and microenterprises
SPV	Special purpose vehicle

## **LIST OF TABLES**

Table 1: Forms, levels, objects and sources of trust (Welter, 2012) .....	8
Table 2: Mapping the research questions to the interview questions.....	24
Table 3: Steps in data analysis .....	26
Table 4: Sample description.....	30

## **CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM**

### **1.1 Introduction**

Small, medium and microenterprises (SMMEs) are the backbone of many economies globally, as their roles are vital in driving economic growth and creating employment opportunities (Myres et al., 2022). In South Africa, the SMME sector significantly contributes to the country's gross domestic product (GDP) (Aparicio, Turro & Noguera, 2020); however, South African SMMEs face significant challenges that hinder their growth and sustainability. One of the ways in which SMMEs can overcome these challenges is through supplier development programmes (SDPs) offered by corporate entities. SDPs refer to initiatives aimed at developing the capabilities of SMMEs to supply goods and services to corporate entities (SEDA, 2023).

SDPs have become increasingly popular in recent years and have been hailed as an effective way to promote economic growth and support SMMEs (Van der Veen, 2018). However, the effectiveness of these programmes seems to be hindered by a trust deficit between SMMEs and corporate entities. This might be due to poor service delivery from SMMEs, leading to limited utilisation of the SMMEs they trust, which may hinder the expansion of new SMMEs into the market. Due to challenges like finance and market access, the consequences of this hindrance include a limited commitment to trust belief, trusting intention, affective commitment and instrumental commitment (Van der Veen, 2018).

Understanding the factors contributing to the trust deficit between these entities is essential to finding ways to regain corporate trust and reduce unemployment. However, literature on the influence of trust on SMMEs, with supplier development as mediator, is lacking. It is evident that supply chain programmes need to be better researched as more knowledge of the effect of trust during supply chain selection is required. As the government continues to drive companies in most industries through policies, frameworks and regulations such as black economic empowerment (BEE), which evaluates companies based on their supplier development capabilities, among other factors, the fundamental problem driving this study is the need to determine whether the implementation of supplier development and knowledge creation, mediated by trust, enhances or constrains supply chain performance between corporates and SMMEs. Theoretically and practically, the research problem arises from a need for more literature on the influence of trust on supplier development programmes. Therefore, this study investigates the compatibility and prevalence of trust within supplier development programmes concerning the corporate and SMME sectors.

In line with the South African government's efforts to enhance economic transformation, the Broad-based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013, has been implemented to address poverty. The act mandates corporations to undertake supplier development initiatives to support the growth and sustainability of black-owned enterprises. To achieve a



favourable B-BBEE status, businesses operating in South Africa must allocate at least 2% of their net profit after tax (NPAT) to supplier development.

However, despite the substantial resources allocated to supplier development programmes, the effectiveness of these initiatives in unlocking the potential of SMMEs and promoting SMME activity still needs to be investigated. According to the B-BBEE Commission (2019), the average score achieved for supplier development in 2018 by corporations that reported their progress was 66,91%. While this indicates that a significant portion of corporations met the prescribed spending requirements, the impact on SMME growth and activity has been limited.

It is therefore necessary to explore ways to improve the effectiveness of SDPs in South Africa to fully realise the potential of SMMEs and their contribution to the economy. Enhancing these programmes would align with B-BBEE goals and ensure businesses can attract partners and maintain favourable B-BBEE statuses.

## **1.2 Background to the research problem**

The landscape of Small, Medium, and Micro Enterprises (SMMEs) stands as a pivotal force in the socio-economic framework of South Africa. Recognized as fundamental drivers of economic growth, job creation, and poverty reduction, SMMEs wield significant potential in catalysing sustainable development within the country. However, amidst their indispensable role, SMMEs encounter a formidable challenge—namely, the imperative requirement for Supplier Development Programs (SDPs) to facilitate their meaningful participation within the corporate sector.

Supplier Development Programs (SDPs) represent a strategic avenue through which SMMEs can enhance their capabilities and competencies to effectively engage with larger corporate entities. Within the realm of SDPs, Mosadeghrad (2014) underscores the potential for substantial improvements in performance, contingent upon the effective implementation of a suitable supplier development model, coupled with a supportive corporate environment. Understanding the intricacies surrounding the hindrances to the implementation of supplier development programs is critical for managers, enabling them to surmount these barriers and harness the benefits inherent in these programs.

Extant literature posits a significant link between non-cognitive skill training and the enhancement of entrepreneurs' business performance, especially within emerging economies (Gonzalez-Lopez, 2019; Lackeus, 2015; Sutter et al., 2019). Scholars contend that such training fosters the development of action-regulatory skills among SMMEs, facilitating a smooth transition from knowledge acquisition to practical implementation (Frese et al., 2016; Gielnik et al., 2015; Glaub et al., 2014).

Moreover, the current state of supplier development programs remains an area of interest and scrutiny, inviting exploration into the efficacy of these programs in bolstering the capacities of

SMMEs. Delving into the dynamics of trust within the SMME-corporate relationship vis-à-vis SDPs assumes critical importance, given its potential impact on the effectiveness and outcomes of these developmental initiatives. This study aims to navigate the multifaceted dimensions of trust deficit within the SMME-corporate dyad concerning SDPs, thereby shedding light on avenues for enhancing collaboration and fostering mutual growth within this ecosystem.

### **1.3 Statement of the problem**

This research study aims to explore the apparent trust deficit in SMME-corporate relationships in the context of supplier development programmes. Insufficient trust among corporate and SMMEs can result in inefficient and ineffective operations in the supply chain, negatively impacting the supply of services to corporate clients (Mbambo, 2019). This study examines the impact of trust on supplier development and supply chain performance, specifically in the context of the SMME-corporate relationship.

### **1.4 Objectives of the study**

"The primary objective of this research is to comprehensively assess and analyse the existing state of trust deficit within the SMME-corporate relationship concerning Supplier Development Programs (SDPs). This will be achieved by investigating the individual levels of trust present within SMMEs and corporates concerning SDPs, as well as evaluating the overall trust dynamics between these entities in the context of SDPs. The research aims to provide a nuanced understanding of the trust landscape within these relationships, thereby contributing to potential strategies or frameworks aimed at mitigating trust deficits and enhancing collaboration within the SMME-corporate ecosystem."

### **1.5 Significance of the study**

This study holds several significances that extend across academic, practical, and socio-economic domains:

**Academic Contribution:** It contributes to the existing body of knowledge by delving into the underexplored domain of trust deficit within the SMME-corporate relationship concerning Supplier Development Programs (SDPs). By exploring this nuanced aspect, the study enriches the understanding of trust dynamics within inter-organizational relationships, offering insights into trust-building mechanisms and the implications of trust deficits.

**Practical Implications:** The findings can offer practical guidance to stakeholders, including SMMEs, corporates, policymakers, and development practitioners. Understanding the state of trust deficits and their impact on SDPs can aid in devising targeted interventions and strategies aimed at fostering trust, thus enhancing the efficacy of SDPs and promoting healthier collaborations between SMMEs and corporates.

**Economic Development:** Given the pivotal role of SMMEs in economic growth, addressing trust deficits within their relationships with corporates can have far-reaching implications. Improved trust levels can potentially stimulate increased participation of SMMEs in corporate supply chains, thereby fostering innovation, job creation, and overall economic development.

**Policy Insights:** Insights garnered from this study might inform policy formulation related to supplier development and inter-organizational relationships. Policymakers can leverage these findings to design more effective frameworks and initiatives aimed at supporting SMMEs and promoting sustainable partnerships between SMMEs and corporates.

**Social Impact:** Enhancing trust within these relationships can have broader societal impacts by potentially reducing inequalities, fostering inclusive economic growth, and empowering marginalized communities that often constitute the core of SMMEs.

In summary, the significance of this study lies in its potential to enrich academic discourse, offer practical guidance to stakeholders, contribute to economic development, inform policy decisions, and create positive social impacts by addressing trust deficits within the SMME-corporate relationship concerning Supplier Development Programs.

## **1.6 Scope of the study**

This study focuses on exploring the state of the trust deficit in SMME-corporate relationships in the context of supplier development programmes.

## **1.7 Organisation of the study**

This chapter presents an overview of the study, including the background and basis of the research problem, the significance of the problem from both a business and research perspective, and the need for the study.

The rest of the research project is structured in this way: Chapter 2 examines the current theoretical and empirical research regarding trust and supplier development programs (SDP), and identifies areas where more research is needed. These gaps inform the research questions posed in Chapter 3. Chapter 4 describes the methodology and research design of the study, including the methods used to gather and analyse the data, as well as the limitations of the study. Chapter 5 presents the results, and Chapter 6 compares and contrasts the findings with previous studies. Chapter 7 provides a comprehensive summary of the study's findings and proposes avenues for potential future explorations within the realm of trust dynamics in Supplier Development Programs (SDPs). It synthesizes the key insights gleaned from the research, highlighting the significance of trust within the SMME-corporate relationship concerning SDPs. Moreover, this chapter extends beyond the study's boundaries, offering thought-provoking suggestions for future research endeavours. It outlines potential areas for further investigation, including broadening the industry focus to diverse

sectors, conducting longitudinal studies to track trust evolution, examining the impact of digital technologies, exploring cross-cultural perspectives, and integrating quantitative measures. These suggestions aim to propel and enrich the scholarly discourse surrounding trust dynamics within SDPs, setting the stage for continued advancements in understanding and improving supplier-corporate relationships across various industrial settings.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

The symbiotic relationship between Small, Medium, and Micro Enterprises (SMMEs) and corporate entities stands as a linchpin in propelling South Africa's economic trajectory, catalysing job creation, poverty alleviation, and overall economic growth. Yet, amidst this vital partnership, a palpable trust deficit permeates the dynamic between these stakeholders, posing significant challenges. Extensive scholarly inquiry has illuminated various facets of this trust deficit, attributing its existence to multifaceted factors such as power imbalances, information asymmetry, and cultural disparities. The literature underscores the pivotal role of trust within the supplier relationship process, elucidating its far-reaching impacts on critical business outcomes like satisfaction, loyalty, and commitment. Moreover, the focus on Supplier Development Programs (SDPs) emerges as a crucial avenue for fostering SMME growth within corporate spheres. However, within the context of these developmental programs, an unmistakable absence of trust surfaces, marking the interactions between corporates and SMMEs. This deficit bears profound implications, impeding the growth trajectory of SMMEs within corporate domains. Factors including resource constraints, communication breakdowns, unequal treatment, power differentials, and a lack of transparency contribute to this erosion of trust, posing formidable obstacles to the active engagement and flourishing of SMMEs within the corporate landscape. As Mbambo (2019) asserts, comprehending and redressing this trust deficit emerges as a paramount imperative, serving as the cornerstone for nurturing mutually beneficial relationships and facilitating the meaningful integration of SMMEs into Supplier Development Programs.

### **2.2 SMME-corporate relationships in the context of SDPs**

This literature review explores the current state of SDPs in the SMME-corporate space in South Africa, specifically focusing on the factors contributing to the trust deficit in the supplier relationship process. Trust and supplier relationship development are the primary constructs that guide this review. Additionally, it seeks to identify the factors contributing to the trust deficit between SMMEs and corporates and to explain how this impacts supplier development and the growth of SMMEs in the corporate space. Firstly, supplier development in South Africa is discussed, followed by an overview of the literature on supplier development in general. After that, the literature on trust in supplier relationships is outlined, followed by literature on trust and trust deficit. In conclusion, a summary of what is known about the topic is given.

### **2.3 Supplier development in South Africa**

South Africa's economic landscape stands enriched by the multifaceted contributions of SMMEs, which play a pivotal role in stimulating economic growth, fostering employment opportunities, and addressing poverty within the nation. Despite their inherent significance, SMMEs face inherent

challenges that impede their seamless integration into the corporate supply chains, thus necessitating a deeper exploration into the realm of supplier development programmes (SDPs).

The fabric of South Africa's economic progress is intricately woven with the diverse tapestry of SMMEs, representing not only entrepreneurial zeal but also the potential to ignite sustained economic growth. Yet, the journey toward sustainable participation within the corporate sphere remains arduous for these entities. This journey is marked by various challenges, including limited access to resources, constrained market entry, and insufficient structural support within the intricate corporate web.

In light of these challenges, the concept of SDPs emerges as a beacon of hope, envisioned to be the catalyst for empowering SMMEs and bridging the gap between them and larger corporate entities. These programmes are designed not just as isolated initiatives but as strategic platforms aimed at nurturing a symbiotic relationship between SMMEs and corporate establishments.

The landscape of SDPs in South Africa is not merely about creating a conduit for transactions; it is about fostering an ecosystem conducive to mutual growth and sustained collaboration. By providing a conduit for skills, resources, mentorship, and market access, SDPs offer an opportunity for SMMEs to amplify their capabilities and establish a firm foothold in the competitive corporate landscape.

However, while the concept of SDPs holds immense promise, it also embodies inherent challenges. These programmes must navigate a complex matrix of structural barriers, financial constraints, regulatory landscapes, and informational asymmetries to achieve their intended outcomes. Realising the true potential of SDPs necessitates a nuanced understanding of these challenges and a strategic approach to overcome them.

This chapter embarks on a comprehensive exploration into the realm of SDPs within the context of South Africa. Through an in-depth analysis, it seeks to unravel the intricacies, challenges, and opportunities that define the landscape of SMME-corporate relationships. By delving into this domain, this research aims to unearth actionable insights and recommendations vital for steering the trajectory of SDPs towards fostering inclusive growth and economic empowerment within the South African business milieu.

## **2.4 Supplier development in general**

### **2.4.1 The current state of supplier development programmes**

Mosadeghrad (2014) emphasises that SDPs can yield improved performance when an appropriate supplier development model is effectively implemented within a supportive environment from corporates. Managers can benefit from a practical understanding of the factors hindering supplier development implementation and work towards overcoming these barriers to attain the benefits of SDPs. Existing literature indicates that training in noncognitive skills can enhance entrepreneurs'

business performance in emerging economies (Gonzalez-Lopez; Lackéus, 2015; Sutter, Bruton & Chen, 2019). Scholars argue that such training improves SMMEs' action-regulatory skills, facilitating the transition from knowledge to action (Frese, Gielnik & Mensmann, 2016; Gielnik et al., 2015; Glaub et al., 2014).

### 2.4.2.1 Trust

Trust is a multidisciplinary construct widely studied in various academic disciplines such as management science, organisational theory, behavioural sciences, neuroeconomics, economics, political theory, philosophy and sociology (Van der Veen, 2018). Trust drives economic agents towards mutually acceptable, fair and ethically compliant behaviours. In business organisations, trust is widely acknowledged as a strategic asset instrumental in facilitating product acceptance, fostering a positive working atmosphere, maintaining smooth relationships with local government and fulfilling investment criteria among other things (Castaldo, Premazzi & Zerbin, 2010). Moreover, trust assumes even greater significance in the context of ethical issues in business. The cultural foundation and adhesive encourage ethical conduct while deterring deviation from ethical norms (Castaldo et al., 2010).

Different forms of trust determine the different types of impact it has on a relationship with SMMEs (Welter, 2012). Welter (2012) has identified different types of trusts, as shown in Table 1.

**Table 1: Forms, levels, objects, and sources of trust (Welter, 2012)**

**Table 1.** Forms, levels, objects and sources of trust

Forms	Level	Object	Source
Personal trust	Micro	Relationship, person	Emotions, intentions, goodwill, benevolence, characteristics of persons, experiences, knowledge, competencies
Collective trust	Meso	Community (e.g. kinship, ethnic group, profession) Organisation (e.g. network, firm, association) Industry	Characteristics of groups, information, reputation, recommendation/certification, professional standards
Institutional trust	Macro	Cultural rules (e.g. norms, codes of conduct, values) Formal regulations (e.g. laws, certification, licences) Business infrastructure (e.g. business courts, administration, financing organisations) Government	

The trust that individuals and groups place in objects and sources of trust can be both personal and collective. As communities and organisations comprise people and their relationships, personal trust can contribute to developing collective trust. At the microlevel, competencies that cultivate personal

trust can translate into reputation and recommendations, influencing collective trust at the mesolevel. Both collective and institutional trust stems from similar sources: conventions at the mesolevel, such as those within a particular profession or industry, are informal, while culturally based rules, such as those governing a profession or industry, also contribute to the development of trust. Institutional trust is both an object and a source of collective and personal trust (Mbali, Ngibe & Celani, 2019).

Various endogenous and exogenous factors influence trust, and organisations prioritising transparency, ethics, and effective risk management are likelier to foster successful partnerships with SMMEs (Mbali, Ngibe & Celani, 2019).

The performance of institutions is influenced by endogenous factors, with higher levels of institutional trust leading to better performance, as noted by Welter (2012). On the other hand, exogenous factors pertain to individual characteristics like income and education, indicating that mistrust can stem from a lack of knowledge. Additionally, Welter (2012) highlights that institutional trust is fragile and can be easily eroded by negative experiences, causing a widespread loss of trust in all institutions.

The following factors have also been found to contribute to a trust deficit:

Myres et al. (2022) conducted a study highlighting the lack of understanding as a significant factor contributing to a trust deficit between corporations and SMMEs. The study found that corporates often do not understand the needs and challenges of SMMEs, leading to a lack of trust as SMMEs feel their needs are not taken seriously. Mbambo (2019) identified asymmetrical power relations as another critical factor in a trust deficit. Corporates have more power than SMMEs, creating a power imbalance in the relationship. SMMEs may feel disadvantaged and mistrustful due to this power dynamic.

Negative experiences also have an impact on trust deficit. Fayolle and Gailly (2015) noted that corporates may have had negative experiences with SMMEs, leading to distrust towards them. These negative experiences can further widen the trust deficit. The lack of transparency is another factor that contributes to a trust deficit (Mbambo, 2019). Unclear or secretive practices by corporations can undermine trust as SMMEs may feel that the corporations are hiding information or manipulating the relationship.

Finally, concerns about over-exploitation also contribute to the trust deficit. Mbambo (2019) highlighted that SMMEs may be concerned about being taken advantage of by corporations, leading to a lack of trust. This can be due to fear of being treated unfairly or not properly compensated for their contributions.

In summary, the factors contributing to a trust deficit between corporates and SMMEs include a lack of understanding, asymmetrical power relations, negative experiences, lack of transparency and concerns about over-exploitation. This trust deficit can lead to a lack of support for SMMEs (Lee, Ha & Kim, 2001), difficulties in accessing finance and markets and challenges in building long-term



relationships with corporates (Chaparro & De Vasconcelos Gomes, 2021). Thus, the trust deficit is a critical issue that must be addressed to promote supplier development programmes and stimulate the growth of SMMEs in the corporate space.

#### **2.4.2.2 Trust in supplier relationships**

##### **2.4.2.2.1 The supplier relationship process**

The supplier relationship process between SMMEs and corporates is critical to South Africa's economic development. SMMEs represent a significant portion of businesses in the country and play an essential role in creating employment opportunities, reducing poverty, and stimulating economic growth (Myres et al., 2022). However, despite the belief held by SMMEs that they have sufficient access to markets, finance, technology and skills (Myres et al., 2022), research indicates that a trust deficit often characterises the relationship between SMMEs and corporates. According to corporates, this trust deficit hinders SDPs and impedes the growth of SMMEs in the corporate space (Chen & Paulraj, 2004).

The supplier relationship process between SMMEs and corporates is complex and the urgent need to develop a trusting relationship is essential for the success of SMMEs in this context. It is therefore necessary to examine how a trust deficit will impact this relationship process. According to Chen and Paulraj (2004), the supplier relationship process consists of four stages that a trust deficit can impact, namely identification, selection, evaluation and development. Consequently, the four stages are discussed focussing on the role of trust in each stage.

Recently, there has been a shift from power-based relationships characterised by hierarchical dependence (Chen & Paulraj, 2004) to a more collaborative network model that fosters mutual development within partnerships between SMMEs and corporates. Despite extensive research on corporate structure, little attention has been paid to the network structure that promotes supply chain performance. However, some recent studies have begun to lay the foundation for further research in this area (Chen & Paulraj, 2004).

The identification stage involves the identification of potential suppliers and it is crucial to establish trust at this stage to be confident in their adherence to the corporate key performance indicators. However, a deficit in trust between SMMEs and corporate entities can lead to difficulty in identifying potential suppliers. Corporate entities may be hesitant to engage with SMMEs due to the perception that they are unreliable and may not be able to meet the required standards (Lee et al., 2001).

Lee et al. (2001) have established a connection between supply chain performance and several factors, including trust and supplier development. The selection stage involves the selection of suppliers based on various criteria. This stage is critical due to the responsibility these SMMEs bring to the corporation's financial and reputational performance and it is essential to ensure that the selected suppliers are trustworthy and dependable. However, the trust deficit between SMMEs and

corporate entities can lead to difficulties in the selection process. SMMEs may be hesitant to engage in the selection process if they feel they are not being treated moderately or do not have access to information about the selection criteria.

The evaluation stage involves the evaluation of suppliers based on their performance. This stage is essential in ensuring that suppliers meet the required standards. However, a lack of trust between SMMEs and corporate entities can lead to difficulties in the evaluation process. SMMEs may be hesitant to participate in the evaluation process if they feel they are not being treated moderately or do not have access to information about the evaluation criteria (Mbambo, 2019).

The supplier development stage involves the development of suppliers' capabilities to meet the corporation's requirements. This stage is essential to ensure suppliers have the necessary support to develop their capabilities. Nevertheless, a lack of trust between SMMEs and corporate entities can create challenges in the development process. SMMEs might be reluctant to participate in the development process if they perceive unfair treatment or lack access to relevant information regarding development criteria (Mbambo, 2019). By addressing these obstacles, organisations can enhance their SDP efforts and improve overall performance (Mosadeghrad, 2014).

In the context of the supplier relationship process between SMMEs and corporates, collaborative relationships can be hindered by a trust deficit. SMMEs may hesitate to share vital information with corporates, such as their business model, due to concerns over potential opportunism or a lack of assurance that their information will be used as planned. According to Dastyar et al. (2020), uncertainties may arise around the equity of applied systems, the division of costs and profits, and the synchronisation of distributed activities and decisions when collaboratively investing in supplier development. Mutual trust can help reduce many of these issues and facilitate collaborative initiatives for supplier development between SMMEs and corporates. Trust, as evidenced through behaviour, is deeply impacted by information sharing, sharing schemes, decision symmetry and opportunism in supplier development investments (Dastyar et al., 2020).

#### **2.4.2.3 Trust in SMME-corporate relationships**

The dynamics of trust in the symbiotic relationship between SMMEs and corporate entities form the bedrock of sustainable collaboration and economic advancement. Trust, a multifaceted construct deeply rooted in the fabric of business relationships, encompasses a myriad of factors that shape and define the trajectory of interactions between SMMEs and corporates. Understanding these factors becomes paramount in deciphering the intricacies of trust within this ecosystem.

Numerous dimensions interplay to foster an environment conducive to trust-building between SMMEs and corporates. Elements such as transparency, reliability, shared objectives, open communication channels, and fair treatment encapsulate the essence of trust within these

relationships. The essence of trust extends beyond mere transactions; it underpins the foundation of collaborative efforts, knowledge exchange, and resource-sharing vital for mutual growth.

This section embarks on a comprehensive exploration of the pivotal factors that underpin trust within SMME-corporate relationships. By dissecting the components integral to fostering trust, this analysis seeks to unravel the critical elements and underlying principles that contribute to the establishment, sustenance, or erosion of trust within this intricate business ecosystem. Through this exploration, a deeper comprehension emerges, elucidating the significance of trust as a catalyst for forging enduring and mutually beneficial relationships between SMMEs and corporates.

**1. Power imbalance:** SMMEs typically have less bargaining power and resources than larger corporations. This power imbalance can lead to mistrust as SMMEs fear being taken advantage of by corporations regarding pricing, contracts and fair treatment (Mbambo, 2019).

**2. Limited transparency:** Lack of transparency in the selection process of SMME suppliers for development programmes can breed suspicion and distrust. SMMEs may question the criteria and fairness of the selection process, leading to a lack of trust in the programme (Mbambo, 2019)

**3. Short-term focus:** Some corporates may prioritise short-term gains and cost reduction over long-term collaboration and development of SMME suppliers. This short-term focus can erode trust as SMMEs may perceive that the corporates' interests are not aligned with their long-term growth and success (Kantabutra, 2020).

**4. Intellectual property concerns:** SMMEs often possess unique knowledge, trade secrets and innovations. Fear of intellectual property theft or loss of proprietary information can contribute to a trust deficit in SDPs. SMMEs may hesitate to fully engage and share their valuable intellectual assets without assurances of protection (UNCTAD, 2020).

**5. Lack of commitment:** Inconsistent or unreliable commitment from corporates to SDPs can undermine trust. SMMEs may be sceptical of the corporates' long-term commitment and question the programme's sustainability, leading to a lack of trust in the relationship (World Bank, 2019).

Addressing the trust deficit requires a concerted effort from both SMMEs and corporates. Transparency in the programme's selection process, clear communication and fair treatment are crucial in building trust. Corporates should demonstrate long-term commitment and genuine support for SMME growth. Additionally, establishing mechanisms to protect intellectual property and fostering collaborative partnerships can help rebuild trust in the SMME-corporate relationship related to SDPs (World Bank, 2019).

Trust is critical in fostering effective collaborations and partnerships between SMMEs and larger corporations, enabling them to work together towards mutual success and growth.

Research by (Castaldo, Premazzi & Zerbini, 2010) emphasises the significance of trust development in SDPs. The study suggests that trust building and relationship-building efforts are vital in addressing the trust deficit and enhancing the SMME-corporate relationship. However, it is essential to note that the level of trust in SMMEs regarding SDPs can vary. Cannon et al. (2010) highlight that power asymmetry between SMMEs and corporate buyers can impact trust levels. When there is a significant power imbalance, SMMEs may experience a higher trust deficit due to concerns of exploitation or unfair treatment by the more giant corporations. Furthermore, Dato-On et al. (2020) highlight that trust building is a continuous process and requires ongoing efforts from both SMMEs and corporate partners. Trust can be built through transparent communication, consistent delivery of promises, and shared values.

#### **2.4.2.4 Trust in corporates regarding SDPs**

There is a mixed state of trust in corporations regarding SDPs. On one hand, some companies have successfully implemented these initiatives and gained the trust of their suppliers. On the other hand, scepticism remains due to concerns about transparency, long-term commitment, and potential exploitation.

One company that has built trust through its SDP is Toyota. The Toyota Production System support centre (TSSC) has been recognised for its commitment to helping suppliers improve their operations and address challenges. This programme has enhanced supplier performance and increased trust from suppliers who credit TSSC for their success (Harvard Business Review, 2016).

Similarly, Walmart has developed a successful supplier development programme called the Sustainability Index. This initiative aims to improve sustainability throughout its supply chain. By collaborating with suppliers, Walmart has fostered trust and encouraged transparency in environmental impact and responsible sourcing (Walmart, 2021).

However, scepticism surrounding SDPs persists. Some suppliers are cautious about sharing proprietary information and fear companies may use it to gain competitive advantage rather than genuinely supporting them (Harvard Business Review, 2016). Additionally, concerns exist regarding the long-term commitment of companies towards supplier development. Some corporates may only focus on short-term gains or cost reduction without considering the long-term benefits for both parties. This lack of commitment erodes trust and discourages suppliers from fully engaging in such programmes (Supply Chain Digital, 2020).

In some instances, there have been reports of exploitation of suppliers within supplier development programmes. Ethical questions arise when companies pressure suppliers to meet price demands without considering their financial sustainability or fair treatment (Kaplan, 2020).

These mixed experiences and concerns contribute to the current state of trust in corporations regarding SDPs. While some companies have successfully built trust by demonstrating commitment,

transparency and mutual benefit, scepticism and caution persist due to fears of exploitation and lack of long-term commitment.

#### **2.4.2.5 The current state of trust between SMMEs and corporates regarding SDPs**

The current trust between SMMEs and corporates regarding SDPs varies. While some SMMEs have experienced positive outcomes and trust in these initiatives, others may still have reservations and concerns.

One reason for the positive trust between SMMEs and corporates is the potential for business growth and development. SDPs can allow SMMEs to expand their customer base, improve their operations and access new markets (World Bank, 2019). These positive outcomes can build trust and encourage SMMEs to engage in such programmes.

Furthermore, corporates that genuinely invest in developing their SMME suppliers and prioritise a collaborative approach can foster trust. By providing training, mentorship and support, corporations can demonstrate their commitment to the long-term success of their SMME suppliers (UNCTAD, 2020). This collaborative approach can build trusting relationships as SMMEs feel supported and valued within the programme.

However, some challenges and concerns impact the trust between SMMEs and corporates regarding SDPs. One such challenge is the power dynamic imbalance. SMMEs may feel vulnerable and dependent on giant corporations, creating concerns about fair treatment, pricing and potential exploitation (UNCTAD, 2020). This power imbalance can undermine trust and hinder the full engagement of SMMEs in these programmes.

Another concern is the transparency and consistency of corporates' commitment to supplier development. SMMEs may be sceptical about the longevity and sustainability of these programmes, fearing that they might be short-term initiatives driven by corporate interests rather than genuine support for SMME growth (World Bank, 2019). This scepticism can impact the level of trust that SMMEs place in these programmes.

Finally, SMMEs may also have concerns about intellectual property protection and the potential loss of proprietary information when engaging in SDPs. Many SMMEs operate in competitive markets and are cautious about sharing their trade secrets and innovations with corporations (UNCTAD, 2020). Addressing these concerns and ensuring confidentiality can help foster trust between SMMEs and corporates.

Overall, the current state of trust between SMMEs and corporates regarding SDPs is a combination of positive experiences leading to trust, concerns and challenges that may impact the level of trust built in these relationships. Transparency, long-term commitment, fair treatment, and addressing

power imbalances are essential factors for building and maintaining trust between SMMEs and corporates in the context of SDPs.

#### **2.4.2.6 Trust and the supply chain**

Narasimhan, Mahapatra and Arlbjørn (2008) highlight that trust is a voluntary attitude and that a company must assess the level of trust and perceived risk before entering a relationship. A strategic focus on supply chain management (SCM) is essential to remain competitive and trust is considered an asset for establishing long-term partnerships (Cannon et al., 2010). However, despite the significance of trust in supply chains, more literature on the topic is needed. The following components are crucial for understanding the importance of trust in the supply chain:

**Supply chain collaboration:** Collaboration is increasingly important in today's highly globalised and competitive supply chain. It involves moving away from a transactional approach towards a more collaborative operation. The synergistic value from supply chain partners' networks is the reason for moving towards supply chain collaboration (SCC), and effective lead times in procurement, production competence, and combined asset operation result from networking and partnerships between supply chain associates, ultimately leading to value-added financial performance. SCC encompasses various elements such as collaborative planning, sharing of information, effective communication, risk management and mutual benefit sharing. This comprehensive concept entails integrating these components to facilitate successful collaboration within the supply chain (Mbambo, 2019). To ensure sustainable competitive advantage and risk reduction, factors such as relationship longevity and trust are critical for success (Mbambo, 2019).

**Supplier trust:** Scholars have noted that trust is crucial in fostering long-lasting collaborative relationships among supply chain partners. Collaborative partnerships based on trust result in reliable information sharing reduced opportunistic behaviour, decreased exposure to risk and enhanced performance among supply chain partners. Mbambo (2019) argued that trust leads to joint planning among supply chain partners, enabling informed decision making, reduced uncertainty and better managing conflicts of interest. Trust is established when collaborative relationships go beyond predefined roles to include (Mbambo, 2019).

**Relationship longevity:** According to Mbambo (2019), the longevity of the supply chain relationship refers to the duration of the partnership between customers and suppliers. Long-term relationships benefit supply chain partners, such as information and skill sharing and building and establishing a working relationship. The advantages of developing mutually beneficial long-term partnerships with supply chain partners outweigh the risks, ensuring a profitable business (Mbambo, 2019).

#### **2.4.2.7 Potential consequences or outcomes when trust is lacking in the SMME-corporate relationship within the SDP**

Several potential consequences or outcomes can arise when trust is lacking in the SMME-corporate relationship within the SDP. These may include:

1. *Limited participation*: SMMEs may be less willing to actively participate in the SDP if they distrust corporations' intentions or fairness. This can result in missed opportunities for growth, skill development and market access (Narasimhan, Mahapatra and Arlbjørn, 2008).

2. *Reduced collaboration*: Without trust, collaboration between SMMEs and corporates within the programme may be hindered. SMMEs may be reluctant to share information, ideas or innovations, reducing the potential for mutual learning and improvement (Castaldo, Premazzi & Zerbini, 2010).

3. *Stagnant supplier performance*: Lack of trust can impact the performance of SMME suppliers. Suppose SMMEs do not believe the corporates are genuinely invested in their development. In that case, they may not make the necessary investments in their operations or improve their capabilities, leading to stagnant or suboptimal performance levels Mbambo (2019).

4. *High turnover of SMME suppliers*: SMMEs may choose to disengage from the programme or seek alternative partnerships if trust is lacking. This turnover can disrupt supply chain continuity and result in additional costs for corporates in seeking and onboarding new suppliers (Chaparro & De Vasconcelos Gomes, 2021).

1. *Limited participation*: A lack of trust can lead to limited participation by SMMEs in SDPs. This can result in missed opportunities for collaboration and growth (World Bank, 2019).

2. *Decreased knowledge sharing and innovation*: Trust is crucial for effective knowledge sharing and collaboration. When trust is lacking, SMMEs may hesitate to share valuable insights and innovations, hindering the potential for joint innovation (Kantabutra, 2020).

3. *Reduced commitment and effort*: SMMEs may become less committed and invested in the programme's success without trust. This can result in reduced effort, hindering the potential for positive outcomes (Dato-On et al., 2020).

4. *Increased transaction costs*: A lack of trust may increase transaction costs between SMMEs and corporates within the programme. This can be due to a need for additional verification, monitoring and control measures to compensate for the lack of trust (Kantabutra, 2020).

#### **2.5 Conclusion**

This literature review highlighted the significance of SMME-corporate relationships within SDPs. Effective relationships between SMMEs and corporates can contribute to economic growth, job

creation and sustainable supply chains. However, several challenges must be addressed, and success factors must be considered to ensure the effectiveness of these relationships. Policymakers, corporates, and SMMEs should collaborate to create an enabling environment that fosters strong and mutually beneficial relationships in SDPs.



### **CHAPTER 3: RESEARCH QUESTIONS**

The following primary research question and subquestions that guide this study are derived from the research problem and literature review.

The primary research question guiding this study is:

What is the current state of trust deficit in the SMME-corporate relationship related to SDPs?

From the primary research question, the following subquestions can be derived:

- a) What is the current state of trust in SMMEs regarding SDPs?
- b) What is the current state of trust in corporates regarding SDPs?
- c) What is the current state of trust between SMMEs and corporates regarding SDPs?

## **CHAPTER 4: RESEARCH METHODOLOGY AND DESIGN**

### **4.1 Introduction**

This chapter delineates the research design and methodology employed to address the research questions introduced in Chapter 3. The study's design and methodology were selected by the intrinsic nature of the research question and the ancillary questions outlined in Chapter 3. The study embraced an interpretive, exploratory qualitative research approach to investigate the multifaceted issue of trust deficits within SMME-corporate relationships. A mono-methodology with a narrative strategy was implemented, focusing on data collection via semistructured interviews. These interviews were conducted with a purposefully selected cohort comprising SMME directors and corporate management personnel responsible for initiating and managing the SMME-corporate relationship.

A systematic framework guided the data collection, interpretation and subsequent nonnumerical data analysis. This method was chosen to facilitate an in-depth exploration of the intricate phenomena surrounding the trust deficit, allowing for the capture of the nuanced and multifaceted dimensions of participants' experiences and perspectives.

The data analysis proceeded according to the principles of qualitative inductive methods, facilitating the emergence of patterns, themes and insights from the participants' narratives. Furthermore, this chapter delves into the study's limitations and conscientious consideration of ethical concerns, ensuring the research was conducted with the highest ethical standards and integrity.

### **4.2 Choice of research design**

This study employed the philosophical framework of epistemology and interpretivism to investigate the trust division between SMMEs and corporations within the context of development programmes. Bonache and Festing (2020) delineate that epistemology is concerned with exploring knowledge and beliefs. On the other hand, interpretivism, in line with the perspectives of Alharahsheha and Pius (2020) and Saunders and Lewis (2017), seeks to analyse social phenomena within their natural settings, interpreting subjective intentions and meanings without imposing pre-established analytical categories, a stance reinforced by the works of Babones (2016) and Hadi and Closs (2016). These philosophies are particularly well-suited for qualitative research, mainly when understanding social phenomena, human experiences, beliefs and perspectives. Therefore, epistemology and interpretivism were chosen as the research philosophies for this study, which aimed to comprehend the state of the trust deficit between SMMEs and corporations within development programmes.

The research purpose of this study was exploratory. According to Creswell (2009), an exploratory study is often conducted when there is limited information about the topic or population under investigation. The objective was to gather insights from participants and construct understanding through their perspectives and experiences, a perspective consistent with the insights of Saunders and Lewis (2017). As demonstrated, exploratory studies are conducted to gain fresh perspectives, posing questions and evaluating aspects from a novel vantage point, mainly when scant or no prior research is available on the phenomena. This choice was made because the study aimed to gain new insights into the condition of the trust deficit from the standpoint of both corporates and SMMEs. Existing literature has not yet extensively explored this area (Chaparro & De Vasconcelos Gomes, 2021).

This study employed a narrative research strategy to explore and collect detailed accounts of respondents' thoughts, actions and emotional states during their experiences and management. As Mills and Birks (2014) explain, a narrative strategy is frequently utilised in qualitative research to explore personal experiences and comprehend the narrative structure and emergent themes. The narrative strategy was chosen to ensure a humanistic approach that allowed participants to express their experiences in their own words (Neubauer, Witkop & Vario, 2019).

The study adopted a mono-method approach for data collection. While research involving SMMEs and corporations often favours mixed methodology to acquire more profound and richer data, this study opted for a single-method approach due to constraints on data collection time. During the virtual interviews, a guide was employed to facilitate the interview process. The semistructured approach was chosen as it permitted the sharing of diverse perspectives and facilitated the researcher in gathering insights from the respondents to address the research questions. Moreover, single-method studies, such as Ejupi-Ibrahimi, Ramadani and Ejupi (2020); Sala, Philbin and Barikzai (2022); and Snihu and Clarysse (2022), which employed qualitative semistructured interviews, have consistently yielded reliable findings.

### **4.3 Population**

The selected target population, as deemed pertinent for this study (Saunders & Lewis, 2017), encompassed SMMEs operating within the corporate mining sector in the North-West Province of South Africa. The study focused on the formal SMMEs operating in the mining industry and drew a sample from the database of the Impala Platinum Mine located in the Phokeng district. The SMMEs in this industry play a crucial role in the supply chain of the mine in terms of labour and the supply chain of products and services. The study investigated the influence of trust on supplier development within the SMMEs in this mining area. The respondents are officials in the private sector's designated SCM units. The study also explored the challenges and opportunities the corporate industry faces in the context of the BEE strategy and their potential contribution to socioeconomic transformation.

SMMEs have the potential to make a substantial impact on reducing unemployment rates and positively contribute to the GDP of the local economy in South Africa. However, the growth and development of the SMME sector in the country face numerous challenging factors that hinder their economic progress. Supply chain performance can be increased when SMMEs can strengthen the trust deficit between them and the corporate industry.

During the selection process of an SMME, a cross-functional team is appointed within the corporate organisation. This team includes the project sponsor, project manager, project leader, technical specialists, procurement specialist, procurement inclusive, accountant, enterprise development representative, stakeholder engagement department and environmental specialist. The population for this study consisted of individuals who have served as project managers or project leaders for at least three projects. The background of these individuals is in engineering or any management role within the corporate structure.<sup>1</sup>

#### **4.4 Unit of analysis**

In line with the definitions provided by Bless, Higson-Smith and Kagee (2006) and Sedgwick (2014), the unit of analysis can be described as the specific entity from which data is gathered and upon which subsequent data analysis and conclusions are based. The unit of analysis for this study comprised individuals who have served as project managers and project leaders in at least three task team groups within the mining company. The study examined these individuals' leadership skills and competencies in the context of SMME development and support for the surrounding communities of Phokeng and Luka. The six participants selected for the study were chosen from three randomly selected projects. They had to have a background in engineering or experience in any management role within the company.

This unit of analysis was selected as project managers and leaders play a critical role in the success of projects, and their leadership skills and competencies are essential in driving SMME development and support for the project's success. By focusing on individuals who have served as project managers and project leaders in at least three projects within the mining company, the study examined the leadership skills and competencies of individuals with significant experience in managing projects. Additionally, by selecting participants from different projects, the study captured a broader perspective on the leadership skills and competencies needed for successful SMME development and support. Finally, focusing on individuals with a background in engineering or any management role ensured that the participants understand the company's operations and goals, providing valuable insights into the leadership skills needed to drive SMME development and support in the mining industry.

## **4.5 Sampling methods**

### **4.5.1 Purposive sampling**

Purposive sampling is a technique where participants are selected based on their specific characteristics or relevance to the research topic (Etikan, Musa & Alkassim, 2016). Purposive sampling allows researchers to target individuals or organisations with experiences or knowledge related to the trust deficit between corporations and SMMEs. This study adopted purposive sampling as it targeted project managers and leaders in the mining industry who could shed light on the best practices and strategies SMMEs can adopt to improve their performance in the SDP.

### **4.5.2 Convenience sampling**

Convenience sampling is a method of selecting participants based on accessibility and availability (Etikan et al., 2016). This method involved selecting participants who are readily accessible and willing to participate in the study. For example, the researcher reached out to SMMEs and corporates in a specific region or industry and invited those willing to share their experiences and perspectives on the trust deficit.

## **4.6 Sample size**

A purposive sample of nine cross-functional team members was selected from three randomly chosen projects and two SMME companies were also selected from the Impala Platinum database. The corporate company chosen for the study is Impala Platinum, located in the North-West Province and surrounded by the communities of Phokeng and Luka. The majority of SMMEs on their database are from these communities.

## **4.7 Measurement instrument**

The data collection method employed in this qualitative research study involved conducting semistructured interviews using an interview guide. Semistructured interviews allow for flexibility in exploring participants' attitudes, values, belief and motivations, which aligns with the objectives of this study. According to Babbie (2010:274), interviews provide rich and in-depth data that can be analysed for themes and patterns. The interviews were conducted via video conferencing. The interview guide was developed based on the research questions and pilot-tested before the data collection. Written informed consent was obtained from participants and audio recordings were taken during the interviews. The interviews were transcribed using Microsoft Teams, ensuring the capturing of participants' responses accurately.

Following the guidance of Jacob and Furgerson (2012), the initial phase of the interviews involved the sharing and soliciting of personal information, aiming to establish rapport and trust between the researcher and the participants. Subsequently, in alignment with the recommendations by Creswell

and Poth (2016), the interview questions were crafted in an open-ended manner, allowing the participants to narrate their experiences from their unique perspectives. These questions comprehensively explored various aspects relevant to the research queries outlined in Chapter 3 of this study, drawing upon insights from the existing literature (Chaparro & De Vasconcelos Gomes, 2021; Grimes, 2018).

**Table 2: Mapping the research questions to the interview questions**

Research question	Interview questions
Background and context	<ol style="list-style-type: none"> <li>1. Can you briefly overview your experience and role within the SDP and the SMME-corporate relationship?</li> <li>2. How long have you been involved in SDPs and working with SMMEs and corporates?</li> <li>3. Could you share your understanding of trust and its significance within the context of SDPs and SMME-corporate relationships?</li> </ol>
RQ 1: What is the current state of trust in SMMEs regarding SDPs?	<ol style="list-style-type: none"> <li>1. How would you describe the level of trust that SMMEs have in SDPs? Why?</li> <li>2. What factors contribute to building or undermining trust within SMMEs when participating in SDPs?</li> <li>3. Are there any specific challenges or barriers that SMMEs face in developing trust with corporate partners in the context of SDPs?</li> </ol>
RQ2: (applicable to corporate representatives)  What is the current state of trust in corporates regarding SDPs?	<ol style="list-style-type: none"> <li>1. How would you characterise the level of trust that corporates have in SDPs? Why?</li> <li>2. From your perspective, what factors influence corporates' trust in SMMEs when engaging in SDPs?</li> <li>3. Are there any specific challenges or barriers that corporates encounter in building trust with SMMEs within the SDP context?</li> </ol>
RQ3: What is the current state of trust between SMMEs and corporates regarding SDPs?	<ol style="list-style-type: none"> <li>1. How would you assess the current level of trust between SMMEs and corporates in the context of SDPs?</li> <li>2. What factors contribute to establishing and maintaining trust between SMMEs and corporates in SDPs?</li> <li>3. Have you observed any specific instances or practices that have positively or negatively influenced trust between SMMEs and corporates within the SDP context?</li> </ol>
Additional insight: Impact of trust on supplier development and supply chain performance	<ol style="list-style-type: none"> <li>1. In your experience, how does the level of trust between SMMEs and corporates impact the effectiveness of supplier development programmes?</li> <li>2. What are the potential consequences or outcomes when trust is lacking in the SMME-corporate relationship within the supplier development programme?</li> <li>3. Have you witnessed any examples where a high level of trust between SMMEs and corporates positively influenced supply chain performance? If yes, could you describe those instances?</li> </ol>
Additional insight: Recommendations for enhancing trust in SMME-corporate relationships	<ol style="list-style-type: none"> <li>1. Based on your experience, what strategies or initiatives can be implemented to improve trust between SMMEs and corporates in the context of SDPs?</li> <li>2. Can any specific resources, training, or support systems facilitate trust building between SMMEs and corporates in the SDP?</li> <li>3. How do communication and transparency foster trust between SMMEs and corporates in SDPs?</li> </ol>

#### **4.8 Data collection process**

The study involved the participation of two SMME owners and seven corporate representatives from various divisions, including capital project management, operational engineering, projects engineering, management and procurement. The data was collected through virtual interviews conducted on Microsoft Teams. The interviews were conducted over two months, commencing in August 2023, with an average interview duration of approximately 40 minutes. To ensure ethical standards, a consent letter detailing the study's purpose, anticipated interview duration and voluntary participation nature was provided to the interviewees prior to the interviews. The consent forms are available in Appendix A.

Before initiating each interview session, interviewees were reminded of the study's purpose and the voluntary nature of their participation. The interview sessions were recorded utilising Microsoft Teams recording functionality, with prior notification given to the interviewees about the recording process.

To maintain a participant-focused approach during the interviews, the researcher took minimal notes to afford the interviewees maximum attention and freedom in their responses. Subsequently, the interviews were transcribed using the Microsoft Teams transcription functionality and the transcriptions were employed for data analysis with the aid of Atlas.ti.

#### **4.9 Data analysis approach**

The data used for investigation in this research were obtained through semistructured interviews, employing a qualitative approach with participants representing both SMMEs and corporate entities. Following the data collection process, the gathered data were subjected to thematic analysis, a method aimed at recognising repetitive patterns, themes, and categories within the collected data. A summary of the data analysis steps is presented in the subsequent table.



**Table 3: Steps in data analysis**

<b>Phase</b>	<b>Researcher actions</b>
Familiarisation with the data:	Qualitative data, such as interview transcripts or field notes, were reviewed to thoroughly understand the content.
Coding	The transcripts of the interviews were coded to extract meaningful information units, and the codes were grouped into broader themes. Codes can be descriptive or interpretive, capturing themes, concepts, or patterns within the data. Atlas.ti provides tools for creating and organising codes.
Code hierarchy	Categories of trust and subcategories were created to group related codes together. This structure helped to organise and navigate the coding system.
Memo-writing	Memos were written to capture the researcher's thoughts, reflections and interpretations of the data. These memos helped to make connections between codes and develop meaningful insights.
Querying	The coded data were explored using Atlas.ti's query tools. Queries allowed me to search for specific codes or combinations of codes, helping to identify relationships and patterns within the data.
Data exploration	The coded data were explored using various visualisations and tools provided by Atlas.ti. This included generating word clouds, co-occurrence tables or network diagrams to gain a visual overview of the data.
Descriptive analysis	A descriptive analysis of the coded data were conducted, examining the frequency and distribution of codes. Atlas.ti provides features to generate statistics and reports on the coded data.
Interpretation and synthesis	The coded data, memos, cross-case analysis and relevant theoretical frameworks were interpreted and drawn upon. This step involved synthesising the findings and generating meaningful insights from the qualitative data.
Reporting	Finally, the findings were organised and summarised based on the interpretations and insights gained from the analysis. Atlas.ti provided options for exporting the data, visuals and analysis outputs to support the reporting process.

#### **4.10 Quality assurance**

Quality assurance in qualitative research involves several steps to ensure the findings are credible, transferable, dependable and conformable. Strategies for ensuring quality control include triangulation (Patton, 2014), member checking (Lincoln & Guba, 1985), reflexivity (Finlay, 2002) and data saturation (Guest, Bunce & Johnson, 2006). Triangulation involves using multiple data sources to confirm findings and increase their credibility. Member checking involves obtaining feedback from participants on the accuracy of the findings and checking to ensure that their perspectives have been correctly represented. Reflexivity involves reflecting on one's biases and preconceptions and documenting them throughout the research process to ensure they are accounted for. Data saturation involves continuing the data collection until no new information is generated to increase the dependability of the findings.

#### **4.11 Research limitations**

The limitations of the study are outlined in this section. The study was restricted to the North-West Province in South Africa with a focus on exploring the need for more trust in SDPs in the corporate sector of the mining industry. The sample was limited to directors/managers from various corporate levels and owners/managers of SMMEs registered with Impala Platinum Limited. Other limitations include purposive sampling, which might not accurately represent the entire population, resulting in generalisability limitations. Respondent bias may also have been present as participants may provide biased responses due to personal interests, which could have impacted the validity and reliability of the findings. Furthermore, the study was specific to the mining industry, focusing on corporate companies. As such, the findings might not be generalisable to other industries or sectors, leading to further study limitations.

## CHAPTER 5: FINDINGS/RESULTS

### 5.1 Introduction

This chapter unveils the central findings emerging from the comprehensive semistructured interviews. A meticulous thematic analysis methodology was applied to scrutinise the data, involving intricate coding, categorisation and data grouping to establish meaningful themes that address the research inquiries outlined in Chapter 3. Guided by a primary research question, this study was further underpinned by three subquestions, culminating in an enriched understanding of the subject. The subsequent results were harnessed through thematic analysis using the Atlas.ti software to spotlight the classification of interview responses into various prominent themes, all intricately linked to the three subquestions:

RQ1: What is the current state of trust in SMMEs regarding SDPs?

RQ2: What is the current state of trust in corporates regarding SDPs?

RQ3: What is the current state of trust between SMMEs and corporates regarding SDPs?

Linking the research questions to key conceptual themes, this chapter unveils the intricate dynamics of trust, collaboration impact, SDPs, and challenges and opportunities that underscore the complex relationships between SMMEs and corporate entities. The themes highlighted by the bolded concepts offer a structured lens through which the interview responses were meticulously categorised, providing a comprehensive exploration of trust-related perceptions, collaborative influences, SDP effectiveness, and barriers and prospects within the SMME-corporate nexus

**Trust building:** The first set of questions focused on the importance of trust and the challenges that corporations and SMMEs face in establishing and maintaining trust within their interactions. This category aimed to uncover their perceptions of trust as the cornerstone of supplier-corporate relationships.

**Impact on collaboration:** The second set of questions delved into the impact of trust on collaboration. Participants were asked how trust influenced their willingness to engage in innovative practices, propose creative solutions and extend their contributions beyond contractual obligations. This category aimed to explore the link between trust and collaboration.

**Supplier development programmes:** The third category of questions centred on SDPs and their role in enhancing the capabilities of SMMEs. Participants were questioned about their experiences with these programmes, the benefits they received and their contributions to socioeconomic transformation in the region. This category aimed to assess the effectiveness of SDPs.

**Challenges and opportunities:** The final set of questions examined the challenges faced by both parties in building trust and their perceptions of opportunities for growth and development through

collaboration. This category aimed to provide insights into the hurdles that need to be overcome and the potential benefits of trust-based relationships.

The categorisation of questions ensured that the interviews covered a comprehensive range of topics related to trust, collaboration, SDPs, challenges and opportunities. This structured approach allowed for systematic exploration of the research objectives while allowing participants to share their insights and experiences coherently and organised.

Table 4 offers a comprehensive overview of the sampled individuals, encompassing details related to their industry involvement, background and roles within the development programme. The sample was deliberately diverse, highlighting a spectrum of involvement levels in corporate-SMME interactions and development initiatives. Within this cohort were two SMME directors, six individuals holding positions in corporate management, and one respondent bridging both sectors as a unique participant with one foot in the SMME sphere and the other firmly planted in the corporate realm. This diversity of perspectives provided a multifaceted lens to examine the research questions and explore the trust dynamics within the SMME-corporate relationship.

**Table 4: Sample description**

<b>Responded ID</b>	<b>Gender</b>	<b>Industry</b>	<b>Position</b>
<b>Resp_ID_001 (JRR)</b>	M	Mining	Engineering manager
	<p><b>001</b> has been actively involved in SDPs, working with SMMEs and corporates for approximately 15 years. Their role primarily revolves around the New Suppliers Equipment Forum and the Vendor Department, where they collaborate closely with the Stakeholder Engagement Department. This collaboration aims to engage with the local community, empowers their businesses, and ultimately promotes their success. Over the years, 001 has visited numerous companies and actively participated in community development projects. These initiatives have presented a mixed picture of challenges and successes, with some projects facing significant hurdles while others have thrived and continue to prosper.</p>		
<b>RespID_002 (JF)</b>	M	Mining	Capital projects engineer
	<p><b>002</b> has a rich background of approximately 30 years in engineering, with extensive involvement in SDPs. For the past decade, they have mainly focused on evaluating and engaging suppliers in various capacities. As an end-user, 002 actively receives services or commodities, allowing them to develop crucial relationships with suppliers. Their engagement in SDPs and collaboration with SMMEs and corporates intensified over the last 8 to 10 years, aligning with the advent of the new mining charter and its impact on the industry.</p>		

<b>Resp_ID_003 (WB)</b>	M	Mining	Project engineer
	<p><b>003</b> brings a diverse perspective to the SDP, primarily from an operational management angle. While their direct involvement with supplier development was somewhat limited, they have extensive experience working with SMMEs and larger teams. They have observed the impact of supplier development training on companies and their performance. As a project manager, they oversee the engagement of various companies on-site to execute specific tasks and deliver services. When initiating the tender process, an inquiry document is sent out with questions to potential contractors. They have noticed that companies that have undergone supplier development training tend to provide more comprehensive and relevant answers to these inquiries, reflecting their improved understanding and readiness to engage in projects. This suggests that training in supplier development plays a significant role in enhancing company performance and effectiveness in project execution.</p>		
<b>Resp_ID_004 (JJ)</b>	M	Mining	Operations engineer
	<p><b>004</b> is an operations engineer who provides an overview of his involvement in the supplier agreement processes within the company. While they are not directly engaged in the SDP, they are crucial in ensuring suppliers align with the programme's commercial terms and enabling factors. They have been involved in this capacity for approximately three years. They mainly focus on the commercial aspects, including developing local enterprises, often involving SMMEs. They have been part of about three agreements that entailed engaging with SDPs.</p>		

<b>Resp_005 (MC)</b>	M	Mining	Operations engineer
<p>005 is an engineering operations engineer involved in tender processes within the SDP. Their role bridges the gap between tender processes and the SMME-corporate relationship. They work with SMMEs, ranging from small to medium-sized enterprises and larger ones, within the corporate context. This involves day-to-day involvement in managing stakeholders, mainly through the mining sector's stakeholder department, and regularly dealing with contracts. They have been engaged in SDPs and working with SMMEs and corporates for approximately ten years.</p>			
<b>Resp_ID_006 (AK)</b>	M	Entrepreneur - Mining	SMME director
<p><b>006</b> has a wealth of experience, spanning 40 years, in being involved with SDPs and working with SMMEs and corporates. Their role primarily revolves around overseeing business growth and operations within these programmes and provides an overview of their experience within the SDP and SMME-corporate relationship. They trace the origins of the business back to the 1980s, initially focusing on supplying mines with pipes and fittings. The business evolved, adapting to changes in the mining sector, particularly the gold mining industry. In the late '90s, the company started collaborating with Impala as a contractor, and over the years, its structure and ownership evolved through different engagements and agreements. In 2015, due to health reasons, the founder, D, stepped out of the business. In 2012, they explored a potential share purchase agreement with PM for 51% ownership. However, this arrangement did not come to fruition. Later, they became involved in Impala Platinum's SDP through connections with individuals like PM. Impala provided initial capital through a special purpose vehicle (SPV) to facilitate share purchases by identified black individuals. 006 notes that their participation in the SDP, although officially part of it, primarily served as a "tick-the-box" exercise.</p>			

<b>Resp_ID_007</b> <b>(TP)</b>	M	Entrepreneur - Mining	SMME director
<p><b>007</b> shares their journey and experiences within the SDP and SMME-corporate relationship. Their journey began with an opportunity at an early stage of B-BBEE in South Africa. The opportunity came from a mine in Kroonstad where his company was given a chance to be involved in the maintenance of their operation. 007 emphasises how initiatives like Enterprise Development and support from organisations like Enterprise Propeller aided in marketing their business. The opportunity to provide conveyor belt splicing services was a turning point. They highlighted their capabilities through a trial job, leading to continuous work and growth. Through various projects and opportunities, 007 expanded its services and created an impressive history. The Enterprise development programmes played a crucial role, enabling them to get noticed by more prominent organisations like Impala Platinum. The exposure and experience propelled them into new service areas, such as mill relining. However, 007 also highlights the challenges and learning curves, especially concerning pricing and compliance. They stress the importance of understanding compliance, including financial aspects, and how it can impact the growth and sustainability of an SMME. In summary, 007’s journey highlights the significant impact of early opportunities and the support of development programmes, underscoring the need for ongoing learning and addressing challenges for sustained success.</p>			



<b>Resp_ID_008 (LP)</b>	M	Mining	Operations engineer
	<p><b>008</b> is an operations engineer at Impala Platinum who shared insights into their role within the SDP and his experiences working with SMMEs and corporates. With over ten years of mining experience and seven years at Impala, he has been directly engaged in managing contractors and various aspects of the processing section at Impala UM. Over his 7-year tenure, they have witnessed significant changes and developments in SDPs and the dynamics of SMME-corporate relationships. These changes indicate a progressive approach to enhance collaboration and support for SMMEs. The evolving structures emphasise a more strategic and inclusive engagement, ensuring that SMMEs receive the necessary assistance to grow and contribute to the mining industry. 008's experience provides valuable insights into the dynamic landscape of SDPs and their positive impact on SMMEs and corporates.</p>		

<b>Resp_ID_009 (YS)</b>	F	Mining	Category manager – SMME contracts
	<p><b>009</b> is a category manager in the procurement division with over 22 years of experience in procurement, mainly in the contract section. Their role involves engaging with SMMEs and managing contracts, tenders, and local participation programmes. They also interacts with small community suppliers to understand their perception of Impala's procurement processes and address any issues. In terms of trust, from a corporate perspective, 009 emphasises the need to ensure that appointed contractors can provide the required goods or services with the right quality, timing and cost. Corporate entities seek trustworthy suppliers who demonstrate business acumen and can satisfactorily meet the end users' needs.</p>		

## **5.2 Research question 1 (RQ 1) results**

### **RQ 1: What is the current state of trust in SMMEs regarding SDPs?**

The findings pertaining to Research Question 1 (RQ 1), 'What is the current state of trust in SMMEs regarding SDPs?' revealed a complex landscape characterised by varied levels of trust within SMMEs concerning SDPs. The analysis unearthed a nuanced perspective, showcasing divergent trust levels among SMMEs participating in these programmes. While some SMMEs exhibited a substantial degree of confidence and reliance in SDPs, viewing them as instrumental in fostering growth and development, others showcased scepticism or uncertainty, expressing reservations regarding the efficacy or outcomes of such initiatives. This diversity in trust perceptions among SMMEs forms the foundation for the subsequent sections' exploration, delving into the multifaceted dimensions of trust-building in SMMEs within the supplier relationship process.

#### **5.2.1 Trust building in SMMEs**

##### **5.2.2.1 Trust as a fundamental pillar of success**

The first set of questions focused on trust and its importance as the cornerstone of supplier-corporate relationships. One aspect emphasised by multiple respondents is the importance of honest and transparent communication. Trust is closely tied to communication, with poor communication eroding trust and leading to relationship failures (005). Furthermore, transparency and openness in the selection process are crucial factors in building trust among SMMEs (009). The concept of trust emerges as a common theme among the responses. All respondents agree that trust is a fundamental pillar for the success of SDPs:

*Some SMMEs have been successful in being awarded contracts and tend to have more trust in the fairness and transparency of the process. (004)*

##### **5.2.2.2 The supplier relationship process**

Trust is essential for establishing and maintaining relationships between SMMEs and corporates (006). Suppliers must feel that the processes are fair and accessible, with clear channels for accessing opportunities and discussing concerns regarding SDPs:

*Think we do understand the trust is one of the paramount items and the conditions of a successful relationship. (006)*

The potential consequences can be significant when trust is lacking in the SMME-corporate relationship within an SDP. As mentioned by 001, one consequence can be legal disputes that may even escalate to court proceedings. This can happen when the parties involved feel their trust has been breached or the promises are not fulfilled. This can result in financial and reputational damage for the SMME and the corporate entity:

*We have almost ended up in court when there is a bad relationship with S, some of these demanding suppliers and ended up with like it did not go to court. They said now you promised me this, and then they will come with a lawyer letter, so it can have quite a big impact if that goes out. (001)*

### **5.2.2.3 Support systems to facilitate trust building**

Specific resources, training and support systems that can facilitate trust building between SMMEs and corporates in SDPs include:

- a. **Training and development programmes:** 004 believes that providing comprehensive training and development programmes for SMMEs can equip them with the necessary skills and knowledge to meet the requirements and standards of corporates. This can build confidence and trust in the SMMEs' ability to deliver:

*Yes, definitely. When we have extensive training, development programme system.(004)*

- b. **Communication and transparency:** According to 009, open and transparent communication between SMMEs and corporates is essential for building trust. Regular updates, clear expectations, and transparency in decision-making can foster partnership and collaboration:

*Yeah, communication is vital in all aspects. And again, if you give me, if you communicate, open and professionally, we can work on it.(009)*

- c. **Mutual understanding:** Corporates can support SMMEs by ensuring they clearly understand their needs, requirements, and expectations. This can be achieved through ongoing engagement, feedback sessions and dialogue between the two parties:

*...communication must be offered. Must be clear to the point that everybody is on the same page. (009)*

- d. **Mentoring and guidance:** Providing mentorship and guidance to SMMEs can help them navigate the challenges of SDPs. This can be done through mentorship programmes or by assigning a dedicated project team to provide support and guidance.

- e. **Access to resources and networks:** Providing SMMEs with access to resources, networks and opportunities beyond the SDP can help them grow and expand their businesses.

### **5.2.2 Level of trust**

The level of trust that SMMEs have in SDPs varies:

*SMMEs selected will say the process is fair, but the other SMME thinks it is not fair. (009)*

009 felt that some SMMEs believe that the SDPs are fair and transparent because they have been awarded contracts through their participation. However, other SMMEs have not successfully obtained contracts and do not trust the programmes as much:

*Unfortunately, trust is also a human feeling because when you come from an SMME that went through our sourcing process and was awarded the contract, they have trust, so they will come back to us and say our methods are fair and transparent. Still, a colleague from a different company that did not get the contract will not believe the same thing. (009)*

Therefore, trust is subjective and can vary depending on individual experiences.

### **5.2.3 Trust deficit**

There is a lack of trust among SMMEs regarding SDPs. Some respondents felt that SMMEs distrust larger corporate entities as they believe these entities do not believe in their capabilities. This lack of faith and an unwillingness to try out smaller companies contribute to the overall distrust and scepticism among SMMEs in SDPs. For instance, there is a perception that these larger companies do not give smaller companies (SMMEs) a chance to prove themselves and automatically assume they cannot perform the job (003):

*...the larger companies got a distrust because they do not believe in the smaller companies to supply... we believe they cannot do the job without even attempting to try them out. (003)*

Some SMMEs may not trust the process due to perceptions of unfairness or lack of transparency (007). They may feel they are not given equal opportunities or that the selection process favours larger corporate entities.

Some companies are viewed as making false promises without genuine intentions for development or skills transfer. This indicates a general scepticism and a need for greater transparency and accountability within these programmes, as expressed by 001:

*Look, I do not think there is a high level of trust yet. We have seen a couple of exactly what I said companies coming to see us; I can build the moon for you, but you will have to do research. You see, these guys are just fronting so that they make their local suppliers, but there is no real development or skills transfer.*

001 argues that exaggerating or misrepresenting skills can lead to disillusionment and project failure, while 003 stresses the need to build trust and overcome biases for effective supplier development. Furthermore, the respondents felt that building trust is crucial for a successful and sustainable relationship. Open and honest communication, transparency about capabilities and limitations, fairness in the selection process, regular reviews, and support for SMMEs are vital strategies to

address the trust deficit and foster stronger relationships. 003 believes trust is crucial in SDPs as it forms the foundation for a successful partnership. They were in a situation where trust was eroded due to poor performance and delays in completing the assigned tasks:

*I have worked with the SMME companies and much time did not perform because of the lack of skill, and the lack of knowledge, and the SMME being unable to stick with their commitments.*

(003)

#### **5.2.4 Impact of collaboration**

Collaboration and stability are also mentioned as outcomes of trust. 002 argues that trust is crucial for collaborative development and stability in the relationship between SMMEs and corporates. 004 adds that trust enables corporates to confidently share knowledge and experience with SMMEs, leading to higher collective growth. Trust is seen as a reciprocal responsibility, where both parties have obligations to maintain transparency and regular performance reviews (007):

*Slowly, if we are talking about job creation, these strategic partnerships and collaborations will enable all of us to work on the common goal of creating and sustaining jobs in the country.*

(001)

009 highlights that trust levels among SMMEs are based on the outcomes of previous contracts. Transparency and fairness in the selection process are critical factors in building trust. Support programmes play a role in building trust and helping SMMEs understand contractual aspects. There is recognition of the challenges and complexities in achieving genuine supply development. 006 acknowledges the gap between corporate expectations and actual abilities of SMMEs and emphasises the importance of initiative-taking engagement, cultural understanding and risk management in the mining industry. There is also a connection between trust and operational maturity. 008 links higher trust levels to higher maturity in contractors and highlights the importance of trust in interactions between clients and contractors for successful collaborations.

Overall, the responses highlight trust as a fundamental value that underpins successful SDPs. Openness, honesty and transparency are essential for building and maintaining trust, enabling collaboration, stability and growth. Efforts are needed to address biases and overcome challenges to establish and maintain trust in supplier relationships.

#### **5.2.5 Summary**

Low levels of trust within SDPs and SMME-corporate relationships can have several negative consequences. It can lead to miscommunication, misunderstandings and misaligned expectations. This can result in wasted time, resources and opportunities. Low levels of trust can also hinder collaboration and the sharing of knowledge, experience and resources between the corporate entity

and the SMME. It can also make establishing long-term and mutually beneficial partnerships difficult, as there may be a lack of confidence in each other's capabilities and commitment to the relationship.

In contrast, high levels of trust are associated with several positive outcomes. It fosters open and honest communication, enabling both parties to effectively share their needs, concerns, and ideas. High levels of trust also allow for greater collaboration and cooperation, as there is a shared belief in each other's capabilities and a commitment to achieving common goals. It creates a sense of stability and reliability, as both parties have confidence in the other's ability to fulfil their obligations. Furthermore, high levels of trust facilitates risk management and effectively supports SDP implementation. With trust in place, both SMMEs and corporate entities can confidently invest in each other's growth and development, leading to long-term success and sustainability.

### **5.3 Research question 2 (RQ 2) results**

#### **RQ 2: What is the current state of trust in corporates regarding SDPs?**

Within the context of corporates and their involvement in SDPs, the exploration into the state of trust has uncovered a nuanced landscape. This examination revealed a dichotomy in trust perceptions, where alongside positive elements, a myriad of negative factors profoundly influence the establishment and sustenance of trust. These adversarial dimensions, often arising from complex corporate dynamics, challenge the foundational bedrock of trust within SDPs. Delving deeper into these negative facets becomes imperative to decipher the intricate mechanisms that hinder the fostering of trust, pivotal for the efficacy of such programmes.

##### **5.3.1 Trust incorporates**

The insights garnered from the interviews illuminated a comprehensive understanding that trust within corporates concerning SDPs is a dynamic amalgamation of both negative and positive factors, underscoring the multifaceted nature of trust in these relationships. Subsequently, an exploration into these factors, encompassing both adverse and favourable dimensions, forms the core focus of the forthcoming discussion.

###### **5.3.1.1 Negative factors**

003 provides insight into the negative factors influencing corporates' trust in SMMEs. These include a sense of distrust from SMMEs towards corporate entities, suspecting ulterior motives or overwhelming power. On the corporate side, there is a prevalent prejudice against smaller companies, believing they cannot complete tasks effectively. These negative factors create barriers to trust that must be overcome for successful supplier development relationships.

Another manager understands that there may be a prevalent distrust among SMMEs towards corporate companies, with an impression that they may not support or intend to shut them down

(004). This prejudice suggests that there is an assumption that smaller companies are incapable of performing without being given a chance:

*It is a prejudice towards the smaller companies that we believe they cannot do the job without even attempting to try them out.*

009 indicated that one factor is the fear that corporate companies may try to influence or take over smaller businesses, leading to their failure. This fear may prevent SMMEs from opening or engaging fully:

*Sometimes I do not want to open up because I fear that the corporate is in some, we are going to be able to influence our company to fail or to take over our companies something like that.*  
(009)

Additionally, 006 said that there may be concerns about investing time, skills and capital into a company that is believed to be bound to fail:

*The ability of the SMME company, like I said, investing time, investing skills, investing capital into a company that's bound to fail. (006)*

According to 004, another significant factor is the influence of culture. It is often easier to trust someone from the same cultural background, and when corporations operate in different cultural contexts, it can create barriers to trust:

*And then the only thing I want to add is culture. I think culture plays a big ... it is proven that it is much easier to trust somebody from your own culture and background than somebody from another culture. (004)*

004 adds that this is particularly relevant in local communities where corporates are situated in different areas, potentially with different cultures than the SMMEs:

*And this many times influences the relationships once again because of my experiences with regards to the local communities in our area. (005)*

### **5.3.1.2 Positive factors**

On the positive side, 004 highlights that trust is positively influenced by willingly embracing engagements rather than feeling forced into them. Additionally, the capabilities and history of an SMME play a significant role in building trust. Demonstrated competence and a history of successful projects can instil confidence in the corporation:

*Search to see if the specific company SMME can render the service. (004)*

#### **5.3.1.2.1 Maturity in handling operational responsibilities**

008 emphasises the importance of maturity in handling operational responsibilities, financial responsibility and integrity, adherence to safety standards, long-term planning and effective leadership as factors that contribute to building trust between corporates and SMMEs. Furthermore, 007 highlights the positive aspects that influence trust, including proven capabilities, ethical conduct, adaptability, enthusiasm for collaboration, and consideration of stakeholder interests. Successful past projects and a history of reliability are crucial in fostering trust between corporations and SMMEs. 003 believes proper research and evaluation of a supplier's abilities and skills are essential for building trust in SDPs:

*I think proper research in terms of the supplier that you want to engage with, without creating any expectations on their side, so from the corporate side they must do properly. (003)*

They believe that by setting the right expectations and ensuring a good fit, corporates can establish high trust with SMMEs. Focusing on the SMMEs' skills and abilities demonstrates a commitment to quality and compatibility, further bolstering trust (004):

*The thing is, well, they can, you know, evaluate the prospect suppliers properly and with the proper set of criteria because you will be measured against that. So that is one of the facts that we processed properly before I went to see that they have the skills.*

004 reiterates that when these factors are considered and addressed, a strong foundation of trust is built, facilitating successful engagement in SDPs.

#### **5.3.1.2.2 Impact of collaborations on the effectiveness of SDPs**

According to 001, the level of trust between SMMEs and corporates significantly impacts the effectiveness of SDPs. If there is already a lack of trust from the beginning, it is unlikely that the programme will be successful. Trust is crucial in building a good relationship between the parties involved. If there are doubts or suspicions about the intentions or actions of either party, it will undermine the trust and ultimately lead to an unsuccessful outcome. Trust is essential for the smooth functioning and success of SDPs:

*So, it is like first impressions lost type of thing. If I trust you when you set my table. Then serving the company will probably have a good relationship.*

According to 007, a lack of trust leads to suspicion and the need to try to decipher any hidden agendas constantly. This creates a strained relationship and hinders progress within the programme. They believe trust is essential for open communication, collaboration and a shared understanding of goals and objectives. When trust is established and maintained, it positively impacts the



effectiveness of the SDP, allowing for smoother operations, better problem solving, and overall improved supply chain performance:

*One of the most important trust factors, for instance, if you send me the situation in which you feel the other party has an agenda, and I spend more time trying to figure out what that hidden agenda is, then there is suspicion. (007)*

#### **5.4 Research question 3 (RQ3) results**

### **RQ 3: What is the current state of trust between SMMEs and corporates regarding SDPs?**

#### **5.4.1 Mixed perceptions of trust levels**

According to 007, the current level of trust between SMMEs and corporates in SDPs varies from industry to industry. Each industry has its specific requirements and demands for expertise, creating a gap to fill when selecting service providers. The level of trust is influenced by whether the supplier can meet these requirements and deliver at the desired level. Factors such as a lack of skilled employees or maturity in the supplier's business can also impact trust. Therefore, the trust assessment between SMMEs and corporates in SDPs is industry-dependent:

*The big difference comes in terms of the level of expertise that we demand from ourselves and our service providers. Trust differs from industry to industry regarding the trust you mention. (007)*

According to 008, the current level of trust between SMMEs and corporates in the context of SDPs is mixed. While there is some level of trust, it is not absolute, and there is also a significant amount of distrust. Many challenges and uncertainties contribute to this mixed level of trust. 008 believes there is a 50:50 split where some believe the SMMEs should be supported, while others do not. They believe trust is built through relationships and the perception that the SMMEs have been dependable, honest and transparent. However, the potential for something to go wrong is always present, contributing to the overall distrust:

*Yes, there is trust, but there is much distrust at the same time because you are only one step away from, you know, something going wrong. (008)*

Based on 009's response, the current level of trust between SMMEs and corporates in the context of SDPs can vary based on individual experiences and relationships. 007 shares a specific incident where their SMME secured a contract through the support of Impala. However, the contract had to be terminated due to sabotage by a fellow engineer at the mine. They mention that they had a good relationship with senior officials from XYZ company and a government department as they had collaborated on seeking investors and strategic partners. The incident had implications for the

business relationship and 009's relationship with the Department of Mineral Resources (DMR) and other stakeholders, such as small-scale miners. 007 emphasised that trust is essential for the effective implementation of future opportunities and projects, and they expressed trust in Impala's continued support and believes that the corporate entity reciprocates the trust:

*And then I remember we secured a R32 million contract of middle realigning, hardly two to three years after XYZ mine gave us an opportunity. We had to pull out of that contract in 3 to 4 months, as we felt we were sabotaged and sabotaged by a government department. (007)*

#### **5.4.2 Low levels of trust**

The responses from all nine respondents highlight a trust deficit within SDPs and SMME-corporate relationships. There are concerns about trust from both the SMMEs and corporate entities. SMMEs may distrust giant corporations due to suspicions of overpowering or shutting them down, while corporate entities may underestimate the capabilities of smaller companies. This lack of trust can hinder effective collaboration and lead to project failure. Building trust, transparency and open communication are crucial for overcoming these challenges and ensuring successful SDPs.

One consequence of a lack of trust in the SMME-corporate relationship within a SDP is the potential for issues related to employee payment. As mentioned by 001, if a supplier does not pay their employees despite receiving payment from the corporate entity, it can create a lack of trust. When employees approach the corporate entity to report that they have not received their salaries, it questions where the money allocated for employee payment is going:

*As I said, suppliers that do not pay the employees if the employee starts knocking on your door and telling you to listen. I have not received the salary for the last two months, but you know that the company has been paid. Immediately, you have got a distrust. You distrust the owner of that company, so you immediately distrust the company as well. (001)*

Another manager concurs with 001 and states that there is not a high level of trust in social development projects funded by companies. They indicate that some SMMEs have bad experiences, such as underfunded projects or funds being misused (002):

*We company either do not have the immediate ability of funding and then when the funding is sort of given before, is being used or abused. (002)*

Another respondent felt that both the SMMEs and the corporate entities involved in the projects were concerned about the risks involved, whether the risk of not receiving a fair share of the business or the threat of receiving poor quality services that could negatively impact operations (004):

*...both of them all looking at the risks and the supplier, the risk of not having a business or getting a fair share of the of the business from a specific corporate entity, but on the corporate*

*entity side, they are looking at the risk of a service that is either poor or not tight, both of which can be detrimental to the operation. (004)*

006 expresses scepticism about the level of trust in SDPs. They shared their experience of a programme that paid lip service and did not meet expectations. On another note, 009 feels that although the level of trust from corporates is currently low due to past negative experiences, efforts are being made to enhance trust through transparency and support systems.

004 believed that the current level of trust between SMMEs and corporates in the context of SDPs is assessed as low or non-existent. This lack of trust was primarily attributed to a forced component in the vetting process. Corporations may feel compelled to select a company they believe can do the job, even if other viable options are available. This forced component undermines the trust in the relationship from the outset:

*Right, I believe that trust relationship is low to non-existent. The level is low; there is a force factor. It is a force component, so you do not have a choice in your vetting. You are always getting a company you believe can do the job even though some companies are available, so that forced component. (004)*

Additionally, the reliability of SMMEs can also be a factor that hinders trust building. Corporations may rely on SMMEs for their development and achieving their targets. However, if the SMMEs cannot consistently deliver or manage their business effectively, it can impact the corporates' ability to achieve their goals:

*If I can say, starts off the lack of trust in the relationship from there on, our reliability becomes an issue. So, it comes back to you as corporate and not achieving your KPIs because of the reliability of the SMME and the skew in which the SMMEs can achieve their KPIs and manage their business at the same point. (004)*

Based on 008, the current level of trust between SMMEs and corporates in the context of SDPs is relatively low. They estimate that 40% of SMMEs believe that corporates are trying to take advantage of them and exploit them during request for information (RFI) and request for tender (RFT) processes. This lack of trust is primarily due to the perception that corporations are looking for ways to deflate prices and gain more benefits from SDPs. Open and honest communication between the parties involved in these programme's must be improved to improve the level of trust :

*I think that is even lower. If I can add a percentage, I would say 40%, as the SMME has low trust, especially when going through RFI and tender processes. Moreover, sometimes, what they do is then they inflate prices. They look at different aspects of how they can gain through the through the RFI. (008)*

### 5.4.3 Moderate levels of trust

Only three out of the nine managers interviewed in this study felt there was some trust between SMMEs and corporates regarding SDPs. 007 believed that there were high trust levels substantiated by successful collaborations with XX Company, where the SMMEs have been trusted with critical services and have expanded their scope and collaborations. They add that ongoing partnerships and a commitment to meet or exceed expectations demonstrate the substantial trust between SMMEs and corporates. On a lighter note, 005 estimates the level of trust in SDPs to be around 60% and influenced by factors such as effective communication and transparency:

*I would say the level, if I can add a percentage to that, I would say the level of trust currently is sitting around 60%. (005)*

Sometimes SMMEs may overestimate their capabilities or take on tasks they are not fully equipped to handle. This can lead to substandard work and undermine the corporation's trust in them (006):

*SMME and their approach to a certain task where they believe they can undertake it. However, internally, they know they cannot and bite off more than they can chew. So that is the fact that I would say is undermining a trust relationship. (006)*

003 indicated that they had witnessed instances where a high level of trust between SMMEs and corporates positively influenced supply chain performance. One example was when selecting a central concentrator for structural steelwork repairs. Initially, the SMME was not ranked as the number one company:

*The thing that was out for the central concentrator for structural steelwork repairs. This company was not the number #1; they were the #3. After we voiced some of our concerns after we put forward some of the challenges we see in this relationship.*

However, after voicing concerns and having open and honest discussions about potential challenges, the SMME addressed those concerns. They appointed a person on-site, demonstrating their commitment to resolving the issues. Eventually, the SMME was awarded the contract, surpassing the initial number-one company. In this case, the trust built through honest and open discussions positively influenced the performance and outcomes of the supply chain relationship.

*The honest, the open discussions, umm, they positively influenced that relationship between the US and that company.*

### 5.5 Challenges and opportunities

The final set of questions examined the challenges faced by both parties in building trust and their perceptions of opportunities for growth and development through collaboration. This category aimed

to provide insights into the hurdles that need to be overcome and the potential benefits of trust-based relationships.

### **5.5.1 Challenges facing SMMEs in the supplier relationship process**

Myres et al. (2022) found that several factors surround the SMME-corporate ecosystem, and they have identified the following implications that could contribute to the trust deficit between SMMEs and corporates.

#### **5.5.1.1 Pre-existing relationships**

006 believes establishing and maintaining trust between SMMEs and corporates in SDPs can be challenging. They felt that one significant factor is the pre-existing relationships and familiarity that corporates have with established companies and contractors:

*the corporation used to use companies and contractors that they had known for a very long time and have a good relationship with the now start with a new small upstart company. Moreover, immediately from day one, they distrust. (006)*

They explained that when they start collaborating with a small new company, there is often an immediate distrust, affecting the relationship with the SMME:

*They do not trust these guys, and that filters through to the SMME company, any initial meeting of heard somewhere that a guy tells a small company straight out. I do not like you. (006)*

Results also show that in SDPs, where corporates and SMMEs often come from different cultural contexts, building trust can be more challenging due to differences in communication styles, norms and expectations. 005 and 008 felt this distrust could stem from personal biases and opinions of individuals within the corporate organisation (005):

*I would rather work with the company that I have been working with for 20 years, so this perhaps needs education on our side in the corporate to train our people also to accept. (005)*

It may be necessary for the corporation to educate and train their personnel to be open-minded and accepting of new, smaller companies (005).

#### **5.5.1.2 Cultural background**

Culture also plays a significant role in influencing trust. 006 felt it is generally easier to trust individuals from the same cultural background and shared experiences. This becomes particularly relevant in local communities where corporates are in different areas with distinct cultures from the SMMEs they engage with:

*The corporates are usually based in Johannesburg or elsewhere in the country. It is different. Different cultures that need to invest in another culture so that that plays a role as well. (006)*

### 5.5.1.3 SMME-related

005 felt that the competence and ability of the SMME to deliver on the required tasks may impact trust. Corporates may hesitate to invest time, skills and capital into a company they perceive as bound to fail. 006 adds that if an SMME consistently provides low quality or fails to meet the standards set by the corporation, it can erode trust and damage the relationship (006):

*The other factor as well is the quality of work. Sometimes I believe that the SMMEs...there could be a misinterpretation of the degree of quality requested from them, which can easily break down a relationship as well.*

According to 001, one specific challenge and barrier that corporates encounter in building trust with SMMEs within the SDP context is the demanding nature of community leaders:

*...the councillor, community leaders, they are quite demanding.*

One manager (003) felt that some community leaders may have high expectations of immediate returns and may make unrealistic demands on the corporates. 003 believes that establishing a new relationship from scratch is one of these challenges:

*...you have to build up a new spam spanking new relationship and proof to the people that you believe in them and are willing to trust him with certain items or jobs. (003)*

In such cases, corporates must prove to the SMMEs that they believe in them and are willing to trust them with specific tasks, projects or services.

### 5.5.2 Opportunities

002 indicates that corporates must assess whether SMMEs have the essential competencies and capacity to learn and deliver on the requirements. Secondly, corporates may encounter difficulties due to past negative experiences in the industry. This is about instances where SMMEs have received upfront payments but failed to complete projects or even dissolved their companies:

*...barrier that you have is bad experiences in the industry in general, where you often hear about projects where upfront payments were made and then the people disappear. The project is not done. (002)*

004 believes that corporates must clearly understand what SMMEs can deliver and if it aligns with the business case requirements. Hidden agendas, such as forming joint ventures to secure tenders, can undermine trust-building efforts:

*Yes, I do believe there are specific barriers and challenges, one being honesty in terms of the level of service that the SMME can provide, not just to get into a tender process. (004)*

005 cites that corporations may need specific skills or capabilities that the SMMEs do not possess. This imbalance can create difficulty in finding suitable partners and establishing trust in developing corporate systems:

*A simple example: We need to build a house, but we have no bricklayer working for us; that approach is a massive challenge and a barrier. (005)*

009 states that SMMEs may struggle with inadequate infrastructure, such as limited resources for contract amendments and administrative tasks. This can hinder their ability to meet the requirements and expectations of corporate:

*So basically, one of the challenges was the lack of infrastructure. (009)*

The language barrier is a barrier that corporates may encounter in building trust with SMMEs within the SDP context (008). They further say that many local contractor groups may lack experience and professionalism, requiring additional effort to educate them on professional conduct and service delivery. Building trust with them can be a challenge:

*There is a language barrier that we always need to work with, and as I said, the lack of maturity specifically on our local contractor groups where there is room for improvement. (008)*

A very rare challenge was cited by 001: a lack of clear direction, commitment, and buy-in from various stakeholders throughout the supply chain:

*I think the primary factor is not having a clear to find direction, commitment and buy-in through the supply chain stores often has their ideas. (001)*

This includes stores, operational teams and technical departments, each with ideas and priorities. Without a clear framework for collaboration, it becomes challenging to align efforts and establish trust:

*Operational operations have their ideas, and then there is also the technical side of things. So, there is always a challenge of not having a clearly defined framework on how people must work together.*

### **5.5.3 Corporate-related challenges**

- a. Lack of project team:** 008 explains that communication and coordination between the corporate and the SMMEs can be challenging without a dedicated project team. This can lead to misunderstandings delays, and ultimately compromise the operations of both parties:

*The importance of having a project team. That alone becomes a barrier if we do not have, because the man also when it comes to seriousness in running*



*the operations, does not want a situation where they also get involved in your own business.*

- b. Compliance with required standards:** 001 believes that many corporates have specific standards and requirements that suppliers must meet to participate in their programmes. If SMMEs cannot meet these standards, they may be excluded from opportunities, hindering their growth and development:

*I also do not want to see them closing their mind because these companies would not have complied with their required standard, so that alone being unable to meet the required standard becomes a barrier to entry.*

- c. Risk of downtimes:** According to 003, corporates may hesitate to engage with SMMEs if they perceive a risk of potential downtimes or disruptions to their operations. This can hinder building trust and confidence in the SMMEs' ability to deliver consistently and meet the corporates' needs.

- d. Lack of awareness and knowledge:** 003 adds that SMMEs may not know the available resources and support, which can hinder their ability to grow and participate in SDPs. Collaboration with relevant organisations, such as government agencies or industry associations, can help address this challenge.

- e. Cultural considerations:** Recognising and understanding the cultural differences between corporates and SMMEs is crucial. Training programmes and resources should address these differences and help bridge cultural gaps. This can enhance effective communication, collaboration, and trust building between the two parties:

*Considering culture, you will deal with corporate and the companies' cultures.  
(003)*

## **CHAPTER 6: DISCUSSION OF RESULTS**

### **6.1 Introduction**

The interviews orchestrated within the confines of this research were thoughtfully structured to delve into the multifaceted dimensions of trust within supplier relationships, along with the far-reaching implications of SDPs in the corporate mining sector of the North-West Province in South Africa. The interview framework was meticulously crafted to foster a profound comprehension of the participants' unique experiences and viewpoints. In this chapter, the interview outcomes were comprehensively explored, meticulously aligning the findings with the established body of literature encompassing trust and development programmes. The discussion artfully follows the thematic patterns unveiled in Chapter 5, drawing explicit connections between the findings and each essential facet of the overarching research questions.

### **6.2 Research question 1 (RQ 1) discussion**

#### **RQ 1: What is the current state of trust in SMMEs regarding SDPs?**

Exploring the current state of trust within SMMEs in the realm of SDPs reveals intricate dynamics pivotal to understanding Trust Building in SMMEs, the Level of Trust, the Trust Deficit, and the Impact of Collaborations on the Effectiveness of SDPs. These discussions delve into the multifaceted nature of trust, shedding light on its role as both a foundational element and a driving force within SMME-corporate relationships in the context of SDPs.

#### **6.2.1 Trust building in SMMEs**

Trust significantly creates a mutually beneficial relationship between SMMEs and corporates in SDPs. It fosters effective collaboration, enables the sharing of knowledge and resources, and ultimately contributes to the success and sustainability of the partnership. The results presented in Chapter 5 is consistent with relevant literature. Trust helps security and stability, encouraging suppliers to invest their time, resources, and efforts into the development programme, leading to tremendous success and positive outcomes. A study by Cannon et al. (2010) highlighted the positive impact of trust in fostering long-term business relationships. Trust enhances communication, reduces conflicts, and promotes a collaborative and cooperative environment, all essential to successful SDPs.

Additionally, addressing the maturity and capabilities of local contractors and providing the necessary support and resources may help build trust and improve the success of these programmes. Both parties should have confidence in each other's capabilities and commitment to growth. From the supplier's perspective, trust involves the assurance that the corporate entity will provide the necessary services or commodities and not leave them without business opportunities or developmental progress.

Furthermore, trust is closely connected to fairness, transparency, and maturity issues. SMMEs need to trust that the selection process for SDPs is fair and transparent, with clear channels for accessing opportunities and discussing concerns. Corporate entities must cultivate an environment of transparency where SMMEs can openly communicate challenges or gaps in their understanding or capabilities.

#### **6.2.1.1 Trust as a fundamental pillar of success**

Trust is a fundamental pillar that the entire project relies upon, and it is crucial for the success and sustainability of relationships. In the context of SDPs and SMME-corporate relationships, trust holds immense significance. Without trust, the project risks failure from the start, as expectations may not align with actual capabilities. Trust positively impacts SDPs by promoting collaboration, knowledge sharing, commitment, and long-term engagement between corporate entities and suppliers. These positive outcomes lead to improved supply chain performance, reduced transaction costs, and enhanced problem-solving capabilities, ultimately contributing to the success and effectiveness of these programmes. Indeed, trust plays a crucial role in SDPs and can positively impact the success and sustainability of such initiatives.

#### **6.2.1.2 The supplier relationship process**

The literature on corporate-supplier relationships highlights several factors that can influence the level of trust between parties. Faith is often built over time through repeated interactions and positive experiences. While successful collaborations between Impala and SMMEs may have established a high level of trust, this may not be the case universally.

Trust is seen as a crucial factor for establishing long-term business relationships. Still, there is a need for better communication, transparency, ongoing assessments, and a focus on realistic and feasible projects to enhance the effectiveness and credibility of SDPs. Trust is also essential for collaborative development, wherein both parties should have confidence in each other's capabilities and commitment to growth. From the supplier's perspective, trust entails the assurance that the corporate entity will not leave them without business opportunities or developmental progress, creating a sense of stability and long-term engagement.

Overall, trust is a vital component within the context of SDPs and SMME-corporate relationships. It is the foundation for successful collaborations, contributing to the partnership's long-term success and sustainability.

The following citations support the positive impact of trust in these programmes:

Kantabutra (2020) found that trust between corporate entities and suppliers positively influences knowledge sharing, collaboration, and joint problem-solving, all essential for successful SDPs. In their research on trust in buyer-supplier relationships, Kantabutra (2020) found that trust significantly

contributes to improved supply chain performance, including enhanced product quality, reduced lead times, increased customer satisfaction, and higher profitability. These positive outcomes can extend to SDPs, where trust fosters effective collaboration and mutual support.

A study by Narasimhan, Mahapatra and Arlbjörn (2008) emphasised the importance of trust as a fundamental element in supplier relationships. The research highlighted that trust enables increased information sharing, reduced transaction costs, and enhanced problem-solving capabilities, all of which can contribute to the success of SDPs. Research by Zawawi and Hoque (2011) discussed the critical role of trust in promoting commitment and cooperation between corporate entities and suppliers.

### **6.2.1.3 Support systems to facilitate trust building**

To ensure success, local companies involved in the project must practice openness and honesty. It is essential to be forthright about limitations or areas of expertise, avoiding any attempts to obscure facts. In doing so, one can maintain credibility and prevent financial loss and reputational damage from being discovered or falling short of expectations. These results are consistent with Cannon et al. (2010) who discuss the role of communication in building trust and maintaining long-term relationships. They argue that open and effective communication creates transparency, reduces uncertainty, and enhances confidence between parties. Frese et al. (2016) highlight the importance of problem solving and conflict resolution in fostering trust within business relationships. They argue that both parties actively collaborating and addressing problems enhances confidence and strengthens the connection.

Building and maintaining trust requires initiative-taking efforts from both sides. Regular reviews and assessments of performance and compliance can help identify areas for improvement and enhance the relationship. Both parties must create a culture of transparency, communication, and problem-solving to ensure trust is upheld and the partnership thrives. Cannon et al. (2010) agree with the study results and emphasise the significance of open and honest communication in building trust within buyer-supplier relationships. They argue that openly sharing information and discussing their capabilities and limitations fosters trust and reduces the risk of misunderstandings and unmet expectations. In their research on trust in business relationships, Lee, Ha and Kim (2001), suggests that regular performance evaluations and Assessments contribute to trust building. By monitoring and reviewing each other's performance and compliance, the parties involved can address any issues promptly, demonstrate commitment, and maintain trust over time. Honest and transparent communication about capabilities and backgrounds at the outset is crucial. Understanding and accurately representing one's capabilities are paramount. Exaggerating or misrepresenting skills and capacities can lead to disillusionment when the reality falls short of the initial promises. This, in turn, can cause project failure within the first few months.

In summary, studies on trust in business relationships support honest and transparent communication, regular assessments, and problem-solving efforts in building and maintaining trust. Open and honest communication fosters trust and reduces the risk of misunderstandings, while regular assessments allow for identifying areas for improvement and strengthening the relationship. Additionally, working together to solve problems demonstrates commitment and enhances trust.

### **6.2.2 Level of trust**

The level of trust corporations have in SDPs seems to vary. There are instances of high trust, as seen in the successful collaborations between corporates and SMMEs, where trust has been established through successful project implementations and ongoing partnerships. Trust is also linked to the maturity of the contractor, with higher maturity levels associated with higher levels of trust between the contractor and the corporate client. Different organisations may have different experiences and outcomes with their SDPs, leading to varying levels of trust (Dato-On et al., 2020). However, overall, there seems to be a lack of high trust in these programmes. This lack of trust stems from past negative experiences, concerns about funding misuse and project mismanagement, scepticism towards false claims, apprehension about being forced into programmes, fear of preferential treatment, and a history of failed development programmes.

### **6.2.3 Trust deficit**

Research conducted by Welter (2012) reported concerns about funding misuse and project mismanagement as significant reasons behind the lack of trust in SDPs. Suppliers expressed worries that the resources allocated for development might be diverted for other purposes or not used effectively, diminishing trust in the overall programme. Welter (2012) also found that a lack of trust derived from past negative experiences was one of the critical barriers to successful SDPs. The study highlighted cases where suppliers had been promised support and opportunities but had not received the expected benefits, leading to scepticism and reluctance to participate in future programmes.

#### **6.2.4 Impact of collaborations on the effectiveness of SDPs**

Collaboration stands as the cornerstone of successful SDPs, holding the potential to reshape the landscape of SMMEs within the corporate sphere. This section delves into the profound Impact of Collaborations on the Effectiveness of SDPs, meticulously dissecting the interplay between collaborative efforts and the resultant effectiveness of these programmes. Through insightful discussions, this section navigates the nuanced dimensions that underscore the pivotal role of collaborations in driving the efficacy of SDPs, highlighting both the challenges and opportunities present within these collaborative frameworks

#### **6.3 Research question 2 (RQ 2) discussion**

##### **RQ 2: What is the current state of trust in corporates regarding SDPs?**

Trust, a fundamental currency within business relationships, plays an instrumental role in shaping the trajectory of SDPs orchestrated by corporate entities. Delving into the landscape of trust within corporate realms concerning SDPs, this section intricately explores Trust in Corporate Entities Regarding SDPs. Unravelling the layers of trust within these relationships, this section discerns the intricate web of factors that define the trust dynamics, delving into the nuanced dimensions that underscore the relationship between corporate entities and the effectiveness of SDPs, deciphering the complexities between trust, collaboration, and programme outcomes

##### **6.3.1 Factors that influence the state of trust**

The current state of trust between SMMEs and corporates regarding supplier development programmes varies among respondents. Some believe that trust is influenced by factors such as expertise, clear understanding, skill development, and meaningful engagement with the community. These respondents emphasise the importance of building trust through knowledgeable individuals and comprehensive experience. According to Chen and Paulraj (2004), trust levels varied based on the relationship between SMMEs and corporates. Factors such as expertise, clear understanding, skill development, and meaningful engagement with the community were found to influence the level of trust. In a study by Zawawi and Hoque (2011), the authors discussed suppliers' challenges in building trust with corporates. The study emphasised the importance of comprehensive evaluation processes in establishing an initial level of trust but acknowledged the need for a continuous effort to maintain and enhance trust.

To explore the state of the trust deficit in SMME-corporate relationships within supplier development programmes, it is crucial to analyse the perspectives provided by the respondents. The factors influencing trust vary, but some common themes emerge.

Firstly, transparency and integrity are consistently emphasised as critical elements in building trust. SMMEs must demonstrate credibility and reliability by being transparent in their interactions, keeping

promises, and highlighting integrity. This includes presenting concrete and practical proposals, avoiding empty promises, and proactively approaching corporates with well-prepared business cases and viable ideas. Conversely, corporations must create an environment where SMMEs feel valued and respected as partners. Regarding emphasising transparency and integrity as crucial elements in building trust, various studies and experts in the field have highlighted their importance. (Mbambo, 2019).

Secondly, clear communication and setting expectations are crucial in establishing trust. Both sides should be on the same page regarding the expected deliverables, ensuring alignment and cohesion in their partnership. Effective and transparent communication helps prevent misunderstandings and fosters trust. Welter (2012) shared understanding and mutual agreement in building trust between partners. The study emphasised that open and effective communication helps avoid misunderstandings and enhances trust in a collaborative venture.

Thirdly, the capabilities and history of SMMEs play a significant role in building trust. Corporations must thoroughly evaluate the skills and abilities of potential SMME partners to determine if they align with the desired standards. SMMEs, in turn, need to invest in their capabilities and present themselves as reliable and competent partners to corporates. To support the statement that SMMEs must demonstrate credibility and reliability by being transparent in their interactions, research highlighted that transparent and honest communication is crucial for building trust between SMMEs and their stakeholders (Mbambo, 2019).

Fourthly, trust can be hindered by factors such as a lack of trust from both sides due to suspicions and prejudices. SMMEs may distrust corporates, suspecting ulterior motives, while corporates may have prejudiced beliefs regarding the capabilities of SMMEs. Overcoming these barriers to trust is essential for fostering successful supplier development relationships.

In summary, the trust deficit in SMME-corporate relationships within SDPs is influenced by multiple factors.

Several key factors in establishing and maintaining trust between SMMEs and corporates in SDPs have been identified.

Firstly, adhering to promises and being honest is foundational in establishing trust. Overpromising and underdelivering can erode trust, so it is essential to ensure that contracts are feasible and aligned with realistic commitments. Being transparent about the project's or business proposition's viability is also necessary, as concealing information or presenting an inaccurate picture can lead to mistrust.

Another crucial factor in building trust is avoiding actions that could set up SMMEs for failure. Thoroughly evaluating the potential for success and pursuing projects with genuine chances of prospering, rather than setting up SMMEs for inevitable failure, is critical. Open and transparent

communication plays a significant role in establishing trust. Corporates should communicate their processes, expectations, and approach openly, while SMMEs should share relevant information about their abilities and resources. Lack of openness can erode trust, so being honest in sharing information is essential. Actual performance and successful outcomes are also crucial in maintaining trust. Delivering on commitments and highlighting successful projects build confidence and trust between the parties.

#### **6.3.1.1 Negative factors**

Factors undermining trust in SMME-corporate relationships within Supplier Development Programs (SDPs) manifest in several negative facets. Suspicion and prejudice prevailing on both sides, with SMMEs doubting corporates' motives while corporates may harbour biased views regarding SMME capabilities, serve as detrimental barriers to trust. Overcoming these deep-seated suspicions is paramount for fostering successful supplier development relationships, as unchecked, they perpetuate distrust, hindering collaborative progress and mutual growth between the entities involved.

#### **6.3.1.2 Positive factors**

Conversely, pivotal elements conducive to trust-building in the context of SMME-corporate relationships within SDPs are discernible. Adhering to promises and maintaining honesty serves as the bedrock for trust establishment. Avoiding overpromising and underdelivering is essential, ensuring that contracts align with achievable commitments. Transparency in presenting the viability of projects or business propositions holds significant sway in fostering trust, as any concealment or misrepresentation of information can precipitate mistrust.

##### **6.3.1.2.1 Maturity in handling operational responsibilities**

An instrumental positive factor contributing to trust establishment lies in the maturity displayed in handling operational responsibilities within SMME-corporate interactions. This maturity encompasses a comprehensive understanding of operational intricacies, proactive problem-solving, and an adeptness in navigating challenges. Corporates seek partners capable of shouldering operational responsibilities, and SMMEs showcasing maturity in managing these aspects position themselves favourably in establishing and maintaining trust within SDPs. This maturity entails a proactive approach, effective communication, and a track record of managing operational complexities adeptly, cementing trust between the entities involved.

##### **6.3.1.2.2 Impact of collaborations on the effectiveness of SDPs**

In summary, the results of this study show that trust between SMMEs and corporates in SDPs significantly impacts the relationship's success. A hands-on management approach, aligning goals and vision, open communication, and reliance on established suppliers can positively influence trust.



On the other hand, execution and reliability issues, limitations imposed by procurement processes, and a reluctance to try out emerging suppliers can negatively affect trust. The structure and transparency of the communication platform and the flexibility and support for SMME growth also shape trust dynamics. Overall, trust is crucial for building successful partnerships and enhancing collaboration in SDPs.

Trust is essential for the success of SDPs between SMMEs and corporates. Several researchers have highlighted the impact of trust in such relationships. According to a study by Mbambo, (2019), trust is crucial in fostering collaboration and enhancing performance in SDPs. The study emphasises the importance of open communication and a collaborative mindset in building trust between the parties involved. Another study by Lee et al. (2018) emphasises that trust is critical in reducing uncertainty and facilitating long-term relationships in SDPs. The researchers found that trust enhances communication, cooperation, and mutual understanding between SMMEs and corporates. This literature supports our findings, suggesting that trust significantly impacts the success and effectiveness of SDPs. Open communication, collaborative mindset, and mutual alignment of goals and vision contribute to building trust. At the same time, obstacles such as reliability issues, limitations imposed by procurement processes, and a reluctance to explore new suppliers can hinder trust-building efforts.

#### **6.4 Research question 3 (RQ 3) discussion**

##### **6.4.1 Mixed perceptions of trust levels**

Other respondents suggest that trust levels vary based on the performance of the SMME. Consistent high performance leads to higher levels of trust, while poor performance diminishes trust. These respondents highlight the significance of a thorough evaluation process in establishing an initial level of trust but acknowledge room for improvement. Consistent high performance led to higher levels of trust, while poor performance diminished trust. While there are instances of trust and efforts to build trust, there are challenges and areas for improvement.

##### **6.4.2 Low levels of trust**

##### **6.4.3 Moderate levels of trust**

The current state of trust in SMMEs regarding SDPs is characterised by scepticism and varying levels of trust from corporates. According to some respondents, there is a lack of high trust in these programmes, with many companies approaching them with doubts and encountering suppliers who exaggerate their capabilities without genuine intent for local development or skills transfer. Negative experiences in past social development projects, such as mismanagement or misuse of funding, have also contributed to a compromised level of trust that corporates have in SDPs. There is a need for improvement and risk mitigation to address these concerns and establish long-term business relationships based on trust. This lack of trust starts before implementation, highlighting the need for

better filtering processes to ensure the companies' viability and prevent false claims. One respondent shares their scepticism based on an experience where a programme did not live up to its promises, emphasising better transparency, regular communication, and tangible support to cultivate trust and genuine development.

Some respondents acknowledge that trust may not be optimal, but efforts are being made to build trust and improve the relationship between corporations and small companies. Trust is influenced by the programmes' goals and past experiences, with some individuals approaching with caution based on negative interactions.

There is a recognition that trust exists within SMME-corporate relationships, but it also coexists with a degree of distrust. These partnerships' dynamic and challenging nature and differing opinions on engagement contribute to this mixed trust environment. Resilience and open, honest relationships are significant in establishing and preserving trust.

This study highlights SDPs' significant impact on building trust, citing the confidence gained from opportunities provided by a specific corporate entity. However, it also mentions a setback due to sabotage, highlighting the complexity and challenges involved in trust building. This is in line with a study by Walmart (2021), which highlights that trust in SMME-corporate and SDPs relationships is dynamic and can coexist with a degree of distrust. These partnerships' complex and challenging nature and differing opinions on engagement contribute to the mixed trust environment. In their research on SDPs, Narasimhan, Mahapatra and Arlbjørn (2008) found that these programmes can significantly impact building trust between SMMEs and corporates. These programmes can foster confidence and trust among SMMEs by providing opportunities and support. Aligning with industry standards were identified as factors that influenced trust in these relationships.

The study also emphasises that trust varies based on industry requirements and the supplier's ability to meet them. Trust is closely linked to a supplier's ability to deliver at the expected level of expertise and standards. Factors such as employing skilled individuals, demonstrating maturity in operations, and aligning with industry standards affect trust. Mbali, Ngibe and Celani (2019) found that trust was closely linked to a supplier's ability to meet industry requirements and deliver at the expected level of expertise and standards. They state that employing skilled individuals, demonstrating maturity in operations, and aligning with industry standards were identified as factors that influenced trust in these relationships.

#### **6.4.4 Low or non-existent levels**

However, some respondents characterise the level of trust as low to non-existent. This is attributed to factors such as being forced into programmes due to legal mandates, the fear of losing business due to preferential treatment, and a history of development programmes failing despite considerable investments. They emphasise the need for a more collaborative and trusting environment. Another

respondent perceives the current level of trust to be around 40%, with SMMEs perceiving corporates as trying to negotiate lower costs and potentially exploit them. Open and honest communication is seen as crucial in improving trust levels. Fulfilling programme requirements rather than promoting sound business practices is a significant issue contributing to scepticism and low trust levels. Transparency and clarity in communication are essential for building trust, and a lack of holistic understanding of the broader picture within development programmes can affect the trust relationship between corporations and SMMEs.

## **6.5 Conclusion**

### **6.2.4 High levels of trust**

On the other hand, one respondent highlights a high level of trust between corporates and SMMEs, substantiating it with examples of successful collaborations and project implementations. Trust is seen as substantial and fundamental to ongoing and future relationships. The maturity and capabilities of local contractors also influence the level of trust in SDPs. A lack of maturity among contractors can impact trust in the effectiveness and efficiency of these programmes, emphasising the need to enhance their capabilities and address gaps. A study by Mbali, Ngibe and Celani (2019) found that trust was closely linked to a supplier's ability to meet industry requirements and deliver at the expected level of expertise and standards.

There is a performance-based aspect to the level of trust, as observed through the difference in performance between SMMEs who attended training and those who did not. Corporations seem to trust the efficacy of training in enhancing performance, suggesting that trust is influenced by the outcomes and improvements associated with activity within the context of SDPs. Overall, trust levels in SMMEs regarding SDPs vary, with a need for better filtering processes, transparency, ongoing Assessments, and a focus on realistic and feasible projects to enhance the effectiveness and credibility of these programmes and build trust between corporates and SMMEs.

### **6.2.5 Trust challenges and barriers**

Based on the responses provided, it is evident that the lack of trust in the SMME-corporate relationship within a SDP can create several barriers. Firstly, it hinders effective communication and understanding of each party's motives and intentions. This lack of clarity can lead to confusion and misalignment, making it challenging to collaborate and progress. Secondly, the absence of trust reduces transparency and openness between SMMEs and corporates. Parties may withhold information or be less forthcoming, hindering knowledge flow and progress.

Furthermore, without trust, there is a reluctance to participate in the other party's development actively. This hampers cooperative action, a core purpose of the SDP. SMMEs may feel insecure sharing their challenges or seeking assistance, while corporates may hesitate to invest resources in developing SMMEs. The lack of trust also has the potential to lead to legal disputes. Parties may

question the integrity and credibility of each other, leading to disagreements and conflicts that can escalate into legal complications. Such disputes can consume time, money, and resources, diverting attention from productive development efforts.

The absence of trust also results in a breakdown of the relationship between SMMEs and corporates. Effective relationships rely on trust as a foundational element, and lacking trust can lead to strained relationships and even the termination of the partnership. This breakdown can have long-term consequences, hindering continuity, collaboration, and progress within the SDP. Additionally, the lack of trust increases the risk of financial and reputational risks for corporations. They may withdraw their support or investment due to concerns about the integrity and reliability of the SMMEs, jeopardising the sustainability and effectiveness of the programme.

The broader literature supports these results. Regarding the challenges and barriers caused by a lack of trust in the SMME-corporate relationship within a SDP, some studies and experts offer insights into these issues. For instance, a study published in the *International Business Research Journal* identified trust as a critical factor in collaborative supply chain relationships. The study highlighted that effective communication and understanding are hindered without trust, leading to confusion and misalignment (Mahmud et al., 2021). It was also found that trust enhances transparency and openness between parties, facilitating the flow of knowledge. In contrast, a lack of trust results in a lack of sharing and hinders progress (Kennedy & Anderson, 2017). Regarding the reluctance to actively participate in each other's development, a recent study emphasised the importance of trust in SDPs. The study highlighted that trust encourages a cooperative development approach, where SMMEs feel secure in sharing their challenges and seeking assistance. At the same time, corporates are willing to invest resources in their development (Johnston et al., 2004).

Furthermore, a lack of trust can create opportunities for corruption, financial theft, and misuse of investments within the SDP. Without trust, there is a higher likelihood of unethical practices and resource misuse, compromising the programme's integrity and success. Regarding supply chain performance, a lack of trust can lead to substandard practices and compromise on quality. SMMEs may cut corners or use lower-grade materials to save costs, potentially leading to safety hazards and product failures. This not only puts lives at risk but also damages the reputation and reliability of the corporate partner.

From a worker's perspective, the absence of trust can affect motivation and commitment. When SMMEs feel distrusted and disrespected, their morale and performance may suffer, leading to lower productivity and missed targets. This can disrupt project schedules and impair relationships. Another challenge highlighted is the demanding nature of community leaders and representatives. They often have high expectations and may place unrealistic demands on corporates, expecting immediate returns. This puts pressure on corporates to balance community expectations with the feasibility and

sustainability of the SDP. Navigating these pressures while ensuring a balanced and successful engagement is crucial for building trust.

Negative industry perceptions also pose a barrier to building trust. Past negative experiences, such as when upfront payments were made but projects were not completed, contribute to a lack of trust and apprehension about engaging with new entities. Corporations need to address these perceptions and build confidence in the reliability and credibility of SMMEs. Establishing entirely new relationships with SMMEs is also a challenge in building trust. Corporations need to demonstrate faith in the capabilities of SMMEs and be willing to entrust them with specific tasks or responsibilities. Cultivating these new relationships and building trust is foundational for a successful partnership. The broader literature supports the above results.

A research article by Mahmud et al. (2021), discussed the impact of trust on supplier relationship continuity. The study emphasised that trust is a foundational element in relationships, and its absence can lead to strained relationships and even the termination of partnerships. Regarding the risks of corruption and unethical practices, a study published in the *Journal of Business Ethics* examined the role of trust in preventing crime. The study highlighted that trust fosters ethical behaviour and reduces the likelihood of corruption and misuse of resources. In contrast, a lack of trust increases the risk of unethical practices and compromises the success of programmes (Hsu, 2022). To address the challenge of negative industry perceptions, a study published in the *Journal of Small Business and Enterprise Development* discussed the importance of building confidence in SMMEs. The study emphasised the need for corporates to address past negative experiences by demonstrating faith in the capabilities of SMMEs and cultivating new relationships based on trust (Blackburn, Carey & Tanewski, 2018).

#### **6.2.6 Addressing the trust deficit**

Addressing the trust deficit requires corporates to navigate community expectations, evaluate SMMEs' skills and competencies, overcome negative industry perceptions, foster new relationships, ensure reliability through thorough evaluation and consistent performance, promote honesty in service provision, align expectations and capabilities, provide support and capacity building, ensure compliance with standards, bridge language barriers, enhance maturity in business dealings, and strike a balance between operational efficiency and safety. By addressing these challenges and barriers, corporates and SMMEs can work towards establishing trust in their relationships and promote the success of SDPs. Open communication, transparency, mutual understanding, and shared goals and values are vital in building trust and bridging the trust deficit.

In support of the above findings, the literature indicates that addressing the trust deficit in the SMME-corporate relationship within a SDP requires a comprehensive approach. One study published in the *International Journal of Supply Chain Management* highlighted the importance of open communication, mutual understanding, and shared goals in building trust in supply chain

relationships. The study emphasised the need for corporates to align expectations and capabilities with SMMEs and provide support and capacity-building initiatives (Johnston et al., 2004). To overcome negative industry perceptions, a research article published in the Journal of Small Business and Enterprise Development emphasised the significance of establishing reliable performance. The study highlighted the importance of thorough evaluation and consistent delivery to build confidence in SMMEs' reliability and credibility (Blackburn, Carey & Tanewski, 2018). Furthermore, a study published in the Journal of Business Research explored the role of honesty in trust building. The research found that promoting honesty in service provision and maintaining open and transparent communication fosters trust between parties in a business relationship (Kim, 2017).

### **6.3 Research question 3 (RQ 3) discussion**

#### **RQ 3: What is the current state of trust between SMMEs and corporates regarding SDPs?**

Research Question 3 (RQ 3) ventures into the intricate interplay of trust dynamics within the nexus of Supplier Development Programs (SDPs) by probing the current state of trust between Small, Medium, and Micro Enterprises (SMMEs) and corporate entities. This exploration navigates the landscape of Trust Between SMMEs and Corporates Regarding SDPs, unravelling the complex tapestry of trust dynamics defining their relationships. Within this realm, the investigation traverses the intricate contours of trust that delineate the interactions between SMMEs and corporates, illuminating the pivotal role of trust in determining the efficacy and collaborative potential of SDPs. By dissecting the nuanced dimensions of trust, this inquiry aims to discern the multifaceted facets that underpin the relationship dynamics between SMMEs and corporates within the context of SDPs.

#### **6.3.1 Impact of trust in SMMEs and corporates on the effectiveness of SDPs**

In summary, the findings of this study show that trust between SMMEs and corporates is essential for the effectiveness of SDPs. It fosters clarity, productivity and efficiency within the partnership, enabling open communication and focused efforts towards shared objectives. Trust also facilitates the successful transfer of knowledge and skills, enhancing the impact of the programme. Furthermore, trust is crucial for maintaining a positive and sustainable relationship, preserving the reputation of the SMME and supporting its growth. In terms of supply chain performance, trust promotes collaboration and improves overall performance, while a lack of trust can lead to disruptions and financial losses. Trust is a fundamental factor underpinning the success of SDPs between SMMEs and corporates. In support of the above results, trust is widely recognised as a critical factor in the effectiveness of SDPs between SMMEs and corporates. The following literature arguments support the study results:

**Communication and collaboration:** Trust facilitates open and transparent communication between SMMEs and corporates, leading to better collaboration and alignment of goals and objectives. This, in turn, enhances the effectiveness of the SDP (Intrafocus, 2023).

**Knowledge and skills transfer:** Trust plays a crucial role in facilitating the transfer of valuable knowledge and skills from corporates to SMMEs. When there is trust, corporates are more willing to share their expertise and resources, enabling SMMEs to develop and grow (Myres et al., 2022).

**Relationship building:** Trust contributes to developing a positive and sustainable relationship between SMMEs and corporates. A strong trust-based relationship can lead to long-term partnerships and mutually beneficial outcomes (Lee et al., 2018).

**Performance and efficiency:** Trust directly impact supply chain performance and efficiency. When there is trust between SMMEs and corporates, there is a higher level of cooperation, coordination, and commitment, which leads to improved performance and optimised supply chain operations (Uca et al., 2017).

**Growth and development:** Trust enable SMMEs to have confidence in the support and opportunities provided by corporates within the SDP. This fosters an environment that promotes meaningful development and collaboration, driving the growth and success of SMMEs (Myres et al., 2022).

## **6.4 Conclusion**

In summary, the interviews conducted with organisations and SMME revealed a common emphasis on the role of trust in shaping their relationships. While challenges in building trust exist, both parties recognise the potential for growth and innovation through collaboration. SDPs emerged as a valuable tool in enhancing SMMEs' capabilities and fostering mutually beneficial relationships within the corporate mining industry in the North-West Province of South Africa.

## **CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS**

### **7.1 Introduction**

In this study the intricate dynamics of trust within the supplier-corporate relationships of SMMEs operating in the North-West Province of South Africa's corporate mining industry were examined. This study is particularly pertinent due to the legislative and regulatory environment in South Africa's mining sector. Mining houses are not only obligated to comply with stringent regulations to maintain their mining licenses, but there is also a growing emphasis on corporate social responsibility (CSR) and adherence to B-BBEE principles.

South African mining legislation mandates that mining companies actively engage with local communities, promote economic transformation and contribute to social development. The success of these efforts relies significantly on the collaboration and effective partnerships between corporate mining houses and local SMMEs. Trust becomes a linchpin in establishing and sustaining these collaborations. Improved trust levels can facilitate smoother adherence to regulatory requirements and, in turn, safeguard the longevity of mining licenses.

Furthermore, building trust in supplier-corporate relationships directly contributes to doing things right from an ethical, operational and financial standpoint. When trust is embedded in these relationships, the likelihood of ethical business practices and compliance with regulatory requirements increases. This not only helps mining houses maintain their social license to operate but also mitigates legal and reputational risks.

From an operational perspective, a high level of trust streamlines communication, enhances transparency, and fosters collaboration. This, in turn, leads to more effective SDPs, reducing operational bottlenecks and inefficiencies. As SMMEs play a key role in the supply chain of mining operations, an improvement in their performance, driven by enhanced trust, can result in cost savings for mining companies. Efficient and dependable SMME partnerships contribute to streamlined processes, reducing the likelihood of project delays and cost overruns.

In essence, this study matters because it addresses a critical gap in understanding the role of trust in supplier-corporate relationships in the context of South Africa's mining industry. By uncovering strategies to enhance trust, the study not only aids in regulatory compliance but also contributes to the ethical conduct of mining operations, operational efficiency, and the economic empowerment of local SMMEs. Ultimately, the findings of this research have the potential to positively impact the sustainable and responsible development of the mining industry in South Africa.



## **7.2 Conclusion of findings**

### **RQ 1: Current state of trust in SMMEs regarding SDPs**

My investigation into RQ1 highlights the foundational importance of trust in the relationship between SMMEs and SDPs. According to the literature, honest and transparent communication, regular Assessments and collaborative problem-solving efforts are key factors in fostering and sustaining trust. Open communication mitigates misunderstandings, regular Assessments identify areas for improvement, and collaborative problem-solving actions signal commitment. This aligns with a study by Fiore et al. (2017) emphasising trust's crucial role in fostering collaboration and enhancing performance in SDPs. Challenges such as reliability issues, procurement constraints, and hesitancy in engaging new suppliers can impede trust-building efforts.

### **RQ2: The current state of trust in corporates regarding SDPs**

My findings in response to RQ2 reveal the significant impact of trust on the success of relationships between SMMEs and corporates within SDPs. Key factors influencing trust include a hands-on management approach, goal and vision alignment, open communication, and reliance on established suppliers. Conversely, execution and reliability issues, procurement limitations, and hesitancy in engaging emerging suppliers emerge as potential obstacles. The structure and transparency of communication platforms, along with flexibility and support for SMME growth, shape trust dynamics. This aligns with relevant literature highlighting the pivotal role of trust in SDPs, where studies (Fiore et al., 2017) consistently emphasise its positive impact on collaboration, knowledge sharing, resource allocation and programme effectiveness.

### **RQ3: The current state of trust between SMMEs and corporates regarding SDPs**

In response to RQ3, interviews with organisations and SMMEs underscore a shared recognition of trust's pivotal role in shaping their relationships. Despite challenges, both parties acknowledge the potential for growth and innovation through collaboration. SDPs emerge as instrumental tools in enhancing SMME capabilities and fostering mutually beneficial relationships within the corporate mining industry in the North-West Province of South Africa. This aligns with existing literature underlining trust's central role in relationship dynamics. While challenges persist, the interviews affirm a collective commitment to leveraging SDPs for growth and innovation, contributing to the vibrancy of the corporate mining industry in the region.

In conclusion, the interpretation of findings across the three research questions underscores the centrality of trust in shaping successful relationships between SMMEs and corporates within SDPs. The insights gained from the literature and interviews emphasise the critical role of trust in fostering collaboration, knowledge sharing and overall programme effectiveness, while also recognising and addressing challenges that can hinder the trust-building process. These findings contribute to the

broader scholarly debate on the significance of trust in supplier-corporate relationships, providing nuanced insights into the complexities and opportunities inherent in these collaborations.

### **7.3 Contribution of the study**

This study significantly advances the scholarly debate on trust within SDPs by providing nuanced insights into the intricacies of trust building in the corporate mining industry. Through the lens of both SMMEs and corporates, this research unpacks the mechanisms that underpin the establishment and maintenance of trust, shedding light on specific actions and strategies that contribute to effective collaboration. For instance, the identification of open and honest communication as a fundamental trust-building element goes beyond a theoretical understanding and delves into practical applications. Organisations can leverage this insight by implementing transparent communication channels, fostering an environment where concerns and expectations are openly discussed, thus cultivating a culture of trust.

Furthermore, the study contributes to the debate by emphasising the role of collaborative problem-solving in enhancing trust. Concrete examples from the interviews, such as instances where joint efforts between SMMEs and corporates led to innovative solutions and strengthened relationships, underscore the practical significance of collaborative problem solving in the context of supplier-corporate dynamics. These examples not only enrich the academic discourse but also provide tangible illustrations for businesses aiming to apply similar strategies for trust enhancement.

Additionally, the study's acknowledgment of challenges, such as power imbalances and transparency concern, adds granularity to the ongoing scholarly discussion. By identifying specific instances where these challenges manifest within the corporate mining industry, the research prompts a deeper exploration of potential mitigation strategies. This level of detail contributes a practical dimension to the scholarly debate, guiding future research and organisational practices to address these challenges systematically.

In summary, this research contributes not only by broadening the theoretical understanding of trust but by offering practical insights and examples that can be directly applied by businesses and policymakers. The specificity of the findings enriches the ongoing scholarly debate, making this study a valuable addition to the literature on trust in supplier-corporate relationships.

### **7.4 Practical implications**

The practical and business relevance of the findings lie in their direct applicability to improving the effectiveness and sustainability of SDPs in the corporate mining industry. One key implication is the identification of trust as a critical factor influencing the success of these programmes. By understanding the intricacies of trust-building mechanisms, businesses can strategically integrate trust-enhancing practices into their operations.

For instance, the study's emphasis on hands-on management approaches provides a practical guideline for corporate leaders involved in supplier development. Executives can adopt approaches that actively engage with SMMEs, aligning goals and visions to establish a collaborative framework. A tangible application could involve regular joint workshops or forums where both parties collaborate on problem-solving initiatives, fostering a sense of shared commitment and mutual understanding.

Moreover, the study underscores the significance of communication platforms in shaping trust dynamics. Corporates can leverage this insight by investing in transparent and accessible communication channels that facilitate regular updates, feedback, and discussions. An example could be the establishment of digital platforms dedicated to supplier-corporate interactions, ensuring a continuous flow of information, and strengthening the sense of partnership.

Additionally, the findings shed light on the impact of transparency and consistency in corporate commitment to supplier development. By addressing the concerns raised in the study, businesses can proactively enhance their transparency, demonstrating a sustained commitment to long-term collaboration. This might involve the creation of clear guidelines, regular progress reports, and measures to ensure fair treatment and equitable collaboration.

In essence, the study's practical relevance lies in providing actionable insights for corporations and SMMEs to navigate the complexities of SDPs effectively. By implementing the identified strategies, businesses will not only enhance trust but also foster an environment conducive to sustainable, mutually beneficial relationships in the corporate mining industry.

## **7.5 Recommendations for future research**

The study provides a foundation for future research endeavours aimed at deepening our understanding of trust dynamics within SDPs, specifically in the context of the corporate mining industry. Several avenues for future research emerge from the current study, offering opportunities for scholars and practitioners to contribute to the ongoing discourse:

**Expansion of industry focus:** While this study concentrated on the corporate mining industry in the North-West Province of South Africa, future research could extend its scope to different sectors. Exploring trust dynamics in supplier development across diverse industries would provide a more comprehensive understanding of the applicability of findings and the influence of industry-specific factors on trust relationships.

**Longitudinal studies:** The current research provides a snapshot of the existing state of trust between SMMEs and corporates. Future studies could employ longitudinal approaches to track the evolution of trust dynamics over time. Understanding how trust develops, fluctuates, and solidifies throughout the lifespan of SDPs would offer valuable insights into the temporal aspects of these relationships.

**Impact of digital technologies:** Given the increasing reliance on digital platforms in business interactions, future research could delve into the role of digital technologies in shaping trust within supplier-corporate relationships. Exploring the impact of virtual communication, data-sharing platforms and collaborative digital tools on trust-building mechanisms would align with the evolving nature of modern business practices.

**Cross-Cultural perspectives:** Examining trust dynamics in SDPs from a cross-cultural perspective could contribute to a more nuanced understanding of these relationships. Different cultural contexts may influence the interpretation and manifestation of trust, and investigating these variations would be crucial for the global applicability of trust-building strategies.

**Integration of quantitative measures:** While this study employed a qualitative approach, future research could incorporate quantitative measures to assess the quantifiable impact of trust on key performance indicators within SDPs. Establishing empirical connections between trust levels and measurable outcomes would provide a more robust basis for strategic decision making.

In essence, these suggestions for future research aim to build upon the current study's foundations and extend the scholarly inquiry into trust dynamics within SDPs. By exploring these avenues, researchers can contribute to the refinement of strategies, frameworks, and practices that enhance the effectiveness of supplier-corporate relationships in various industrial settings.

## **7.6 Limitations of the study**

The study was restricted to the North-West Province in South Africa with a focus on exploring the need for more trust in SDPs in the corporate sector of the mining industry. The sample was limited to directors/managers from various corporate levels and owners/managers of SMMEs registered with Impala Platinum Limited. Other limitations include purposive sampling, which might not have accurately represented the entire population, resulting in generalisability limitations. Respondent bias might have been present as participants could have provided biased responses due to personal interests, which can impact the validity and reliability of the findings. Furthermore, the study was specifically aimed at the mining industry, focusing on corporate companies. As such, the findings may not be generalisable to other industries or sectors, leading to further study limitations.

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## Appendix I: Informed consent letter

### Informed consent for interviews

*Note: This standard informed consent letter to be used in qualitative interviews, must be separate from the interview guide, and must be signed before the interview commences. The signed form must be stored separately from the data collected*

I am researching Exploring the state of the trust deficit in SMME-corporate relationships in the context of supplier development programs. Our interview is expected to last approximately 90 minutes and will help us understand the current state of trust deficit in the SMME-corporate relationship related to supplier development programs. **Your participation is voluntary and you can withdraw at any time without penalty.** By signing this letter, you are indicating that you have given permission for:

- The interview to be recorded.
- The recording is to be transcribed by a third-party transcriber, who will be subject to a standard non-disclosure agreement.
- Verbatim quotations from the interview may be used in the report, provided they are not identified with your name or that of your organisation;
- The data to be used as part of a report that will be publicly available once the examination process has been completed; and
- All data to be reported and stored without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: Stephan Nel

Email: 22000412@mygibs.co.za

Phone: 066 238 8201

Research Supervisor name: Kerrin Myres

Email: myresk@gibs.co.za

Phone: 083 263 4175

Signature of participant: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of researcher: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix II: Ethical clearance form

### GIBS ETHICAL CLEARANCE APPLICATION FORM 2023/24

#### G. APPROVALS FOR/OE THIS APPLICATION

When the applicant is a student of GIBS, the applicant must please ensure that the supervisor and co-supervisor (where relevant) has signed the form before submission

#### **STUDENT RESEARCHER/APPLICANT:**

29. I affirm that all relevant information has been provided in this form and its attachments and that all statements made are correct.

Student Researcher's Name in capital letters:           STEPHAN JURIE NEL

Date:   28 Jun 2023

Supervisor Name in capital letters:                      KERRIN MYRES

Date:    28 Jun 2023

Co-supervisor Name in capital letters:

Date:    28 Jun 2023

**Note:** GIBS shall do everything in its power to protect the personal information supplied herein, in accordance to its company privacy policies as well the Protection of Personal Information Act, 2013. Access to all of the above provided personal information is restricted, only employees who need the information to perform a specific job are granted access to this information.

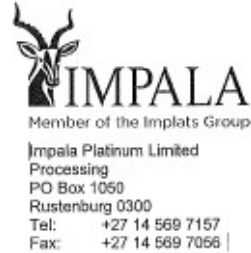
#### **Decision:**

Approved

#### **REC comments:**

Date: 24 Jul 2023

## Appendix III: Pro Forma Organisation Consent Letter




### Pro Forma Organisation Consent Letter

We are aware that Stephan Jurie Nel is conducting research in partial fulfilment of MBA at GIBS with the research topic: Exploring the state of the trust deficit in SMME-corporate relationships in the context of supplier development programmes. We hereby give permission for Stephan Jurie Nel to conduct research relating to this topic in order to understand what is the current state of trust deficit in the SMME-corporate relationship related to supplier development programmes. We acknowledge that this research will involve collecting data through interviewing six cross-functional team members who have been involved in three random projects for a period not exceeding 5years.

We understand that participation in this research is voluntary and that the principle of informed consent will be applied to each individual involved in the data collection process. We confirm that the researcher will protect the identity of the organisation and that of the individuals involved in the research by keeping this information confidential in any stored data, reports or publications that may emanate from this research.

We also confirm that this permission is granted by a person duly authorised to do so.

Signature: 

Name of signatory: Bisha Mishi

Title of signatory: Production Manager

Place of signing: Rustenburg

Date of signing: 25/1/23

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## Appendix IV: Interview guide

### Interview Guide: Exploring Trust Deficit in SMME-Corporate Relationships

- *Welcome and thank the interviewee for participating in the study.*
- *Emphasise that their insights and experiences will contribute to addressing the research question.*
- *Assure the interviewee that their responses will remain confidential and anonymous.*
- *Ask for their consent to record the interview for accurate analysis.*

#### 1. Introduction:

The supplier relationship process between small, medium, and micro enterprises (SMMEs) and corporates in South Africa is critical for economic development. However, this relationship often suffers from a trust deficit. The literature review has highlighted several factors contributing to this trust deficit, including power imbalances, information asymmetry, and cultural differences. Trust is crucial in the supplier relationship process and impacts essential business outcomes such as satisfaction, loyalty, and commitment.

Supplier development programs have been identified as vital for promoting the growth of SMMEs in the corporate sphere. However, the state of the trust deficit in SMME-corporate relationships within the context of these programs is evident. The lack of trust has significant implications for supplier development and the growth of SMMEs. Factors such as limited resources, breakdown in communication, unfair treatment, power imbalances, and lack of transparency contribute to the erosion of trust, making it challenging for SMMEs to engage and thrive in the corporate landscape actively.

Understanding and addressing this trust deficit is crucial for fostering mutually beneficial relationships and facilitating the meaningful participation of SMMEs in supplier development programs. By conducting this research study and exploring the current state of trust deficit in the SMME-corporate relationship related to supplier development programs, we aim to shed light on the factors influencing trust and its impact on supplier development and supply chain performance. The primary research question and sub-questions derived from the literature review will guide this study, helping us uncover valuable insights to address the trust deficit and enhance the SMME-corporate relationship.

#### 2. Questions:

##### Section 1: Background and Context

1. Can you briefly overview your experience and role within the supplier development program and the SMME-corporate relationship?

2. How long have you been involved in supplier development programs and working with SMMEs and corporates?
3. Could you share your understanding of trust and its significance within the context of supplier development programs and SMME-corporate relationships?

Section 2: Current State of Trust in SMMEs (*Applicable to SMME representatives*)

1. How would you describe the level of trust that SMMEs have in supplier development programs? Why?
2. What factors contribute to building or undermining trust within SMMEs when it comes to participating in supplier development programs?
3. Are there any specific challenges or barriers that SMMEs face in developing trust with corporate partners in the context of supplier development programs?

Section 3: Current State of Trust in Corporates (*Applicable to Corporate representatives*)

1. How would you characterise the level of trust that corporates have in supplier development programs? Why?
2. From your perspective, what factors influence corporates' trust in SMMEs when engaging in supplier development programs?
3. Are there any specific challenges or barriers that corporates encounter in building trust with SMMEs within the supplier development program context?

Section 4: Trust between SMMEs and Corporates

1. How would you assess the current level of trust between SMMEs and corporates in the context of supplier development programs?
2. What factors contribute to establishing and maintaining trust between SMMEs and corporates in supplier development programs?
3. Have you observed any specific instances or practices that have positively or negatively influenced trust between SMMEs and corporates within the supplier development program context?

Section 5: Impact of Trust on Supplier Development and Supply Chain Performance

1. In your experience, how does the level of trust between SMMEs and corporates impact the effectiveness of supplier development programs?
2. What are the potential consequences or outcomes when trust is lacking in the SMME-corporate relationship within the supplier development program?
3. Have you witnessed any examples where a high level of trust between SMMEs and corporates positively influenced supply chain performance? If yes, could you describe those instances?

Section 6: Recommendations for Enhancing Trust in SMME-Corporate Relationships

1. Based on your experience, what strategies or initiatives can be implemented to improve trust between SMMEs and corporates in the context of supplier development programs?
2. Can any specific resources, training, or support systems facilitate trust-building between SMMEs and corporates in the supplier development program?
3. How do communication and transparency foster trust between SMMEs and corporates in supplier development programs?

Section 7: Do you want to add any additional comments or insights?